What Business Men Think of Inflation

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

THE FINANCIAL POST

CANADIAN MINING NEWS DEPARTMENT ON PAGE 20

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The Nation's Business

Mr. Bennett Takes Strong Stand for Sound Money
But He Uses Some Very Misleading Figures
Beatty Plan's Merit is That It Can be Adopted Now
C. N. R. Sale May be Ultimate Solution

Mr. Bennett Gets His Figures Mixed

CANADA'S prime minister is a stickler for accuracy—in others. Let a newspaper publish an inaccurate statement and Mr. Bennett's temper rises even if the 'inaccuracy" happens to be simply a difference of opinion on a matter of public policy.

After his experience in Toronto this week, Mr. Bennett may prove to be a little more generous to those whom he considers incapable of publishing accurate information.

In his Toronto speech, Mr. Bennett stated that Canadian public borrowers and some of our larger corporations would have to meet interest and principal payments in the United States this year to a total of $684,000,000. There is no doubt as to what the prime minister said. He repeated this statement, in different phraseology, two or three times. Over 1,000 people in the room heard it, thousands of others, listening to the radio broadcast, also heard it. It stunned many for the moment. To many people it seemed an incredible statement. To others, who knew the facts, it was simply an inaccurate statement due to an unfortunate sequence of slips of the tongue or a misreading by the speaker of his notes.

* * *

MORNING papers reported Mr. Bennett as saying that Canada's total maturities and interest payments this year would be $684,000,000 of which $266,000,000 was payable in the United States. An emissary had visited the newspapers and asked them to publish the correct figures as Mr. Bennett had made a mistake.

But it was too late to undo all of the harm that had been done. Toronto correspondents of certain of the large United States newspapers and services had sent out sensational dispatches on Canada's debt of $684,000,000 to the United States this year, before the corrections came through.

Readers of The Financial Post had the correct information as the figures were published in The Financial Post four weeks ago.

* * *

THE prime minister should at once issue a statement correcting the absurd and very dangerous error he made in his address on Monday night. There is already sufficient nervousness about our large principal and interest payments due in the United States this year without having them increased $400,000,000 on the authority of the prime minister of the country.

Having caught the error in time to prevent its publication in most, but not all, Canadian newspapers is not enough; it has been published in American and other newspapers in its incorrect form as the prime minister delivered it. The prime minister should issue a definite correction.

Perhaps the incident and the cooperation the prime minister received from Canadian newspapers in enabling his garbled figures to be straightened out will make Mr. Bennett more reasonable in his frequently voiced criticisms of "inaccurate" Canadian newspaper writers in the future.

* * *

Prime Minister Sound on Inflation Panacea

APART from his incorrect figures the prime minister delivered an important and forceful address. His reiteration of his policy of sound money; his refusal to permit the country to embark upon a programme of deliberate inflation or currency depreciation will serve a useful purpose in quieting the very real fears that have been raised in home and foreign investment markets by the inflation propaganda that has been insistently preached in Canada by many people, including some of Mr. Bennett's closest associates.

Mr. Bennett was careful to make it clear that conditions might arise that would cause Canada to modify its firm stand against inflation. Obviously what he had in mind was that concerted international action, at the behest of countries that are larger powers in the world's money markets than Canada is, might be taken to raise the level of international prices and that some form of inflation might be one of the means adopted to achieve this ob-

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1932 RENTALS PAY INTEREST SIMPSON BONDS

R. Simpson Preferred Shareholders Concerned by Statement

NO BANK LOANS

Reduced Bonded Indebtedness — Changed Year to Calendar Basis to Facilitate Operations

Simpsons Ltd. annual statement for the 11 months ended Jan. 3, 1933, has aroused keen interest in investment circles for two reasons: first, because the net earnings of $679,277 are inadequate to pay both the bond interest of Robert Simpson Co. and of Simpsons Ltd. and the preferred dividends of the Robert Simpson Co.; and second, because for the first time the income and surplus statement deducted the interest of Simpsons Ltd. before the dividends of Robert Simpson Co.

Holders of Robert Simpson Co., who have been relying on the past method of calculating after subsidiary dividends how many times Simpsons interest has been earned, saw immediately in the new order on the financial statement a threat to continuance of dividends. It is true that, other things being equal, the dividends could be paid for a few years out of accumulated profits; but, they feared, on seeing the new arrangement that in some way the Robert Simpson Co. dividends would be dropped ahead of Simpson's interest if a decision between the two would have to be made.

Rentals Cover Interest

Simpsons Ltd. has two sources of income, one from the dividends on the common stock of The Robert Simpson Co., and the other from rentals for the buildings which it owns directly and which it has rented to Robert Simpson Co. as the operating company for the whole enterprise. These rentals are about equal, The Financial Post is informed, to the interest on Simpsons Ltd. The practical effect of that is that the interest payments on Simpsons Ltd. bonds become an operating charge of The Robert Simpson Co., and therefore come before even the Robert Simpson Co. first mortgage bonds let alone the preferred stock. The profits of The Robert Simpson Co. after paying rentals and all expenses, when sufficient, would be divided as the public has understood, that is, first to Robert Simpson Co. bond interest and preferred dividends and then through common dividends to Simpsons Ltd. where it would be available, according to the total, for bonds, preferred and classes A and B.

Preferred Dividend 11 P.C. Earned

The bonds and preferred shares of The Robert Simpson Co. are well secured as shown by the current balance sheet and there is, in addition, a book of equity of $10,261,312 available for the common shares exclusive of property reserves of $5,701,250. In times of ordinary stress the company could have been depended on to carry dividends on through a year or two, awaiting the turn, but no one can predict the action of a directorate in a time when the course of business may make directors feel it to be conservative to lessen dividend outgo at any time. Certainly that prospect has to be faced when dividends are not covered by earnings. If Robert Simpson Co. bonds and preferred dividends had come before Simpson's bonds, earnings would have covered Robert Simpson Co. bonds and preferred dividends 2.67 times while Simpsons interest would have been covered to the extent of 72 per cent. Considering rentals to Simpsons equal to interest on Simpson's bonds the latter are earned 1.15 times. The Robert Simpson Co. bond interest is earned 1.31 times and The Robert Simpson Co. preferred dividends were only 11 per cent earned. As a matter of fact Simpsons Ltd. earns its own bond interest through rentals but depends on its holdings of Robert Simpson Co. common to pay dividends on its own stocks.

Consolidated net earnings for the 11 months ended Jan. 3, 1933, of $679,277 compare with $2,231,351 for the 12 months ended Feb. 3, 1932. This amount fell $177,313 short of requirements for the 11 months to pay $658,077 bond inter-

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Howey to Mill 1400 Tons Daily In Near Future

Directors of Howey Gold Mines have decided to increase milling operations by about 50 per cent, or to 1,400 tons daily this spring. This expansion was made advisable by ore developments on the 125 and 250-ft. levels between the shaft and the McIntyre claims.

In this area a block of ore, estimated at between 1,000,000 and 1,500,000 tons, has been indicated in silling out that averages something less in gold values than Howey's regular mill feed, but by increasing the mill capacity, costs can be further reduced that will make this block of ore as profitable as the grade presently being treated.

Leading Business Men Say They Doubt Value of Dollar Depreciation

Bankers and Financiers Voice Strong Disapproval of Such a Policy — Business Leaders Baffled by Complexity of Problem

EXPORTERS WANT IT AS BOOST TO TRADE

Mechanical Problems in Operating Exchange Control Outlined by Banker — Says It is Impossible to Maintain Any Currency at Artificial Level Over Long Period

Most Canadian business leaders join with Prime Minister R. B. Bennett in viewing with scepticism the benefits, if any, to be obtained from depreciating the Canadian dollar or "linking the Canadian dollar to sterling," according to interviews granted The Financial Post this week. Bankers and financial leaders are emphatic in their opposition to such a move. However, there are some business men, chiefly those interested in export trade, who would like to see the Canadian dollar at lower levels in exchange markets, judging from the opinions gathered by The Financial Post.

While bankers and financiers have not hesitated to express publicly their opposition to depreciation of our dollar, a substantial proportion of the Canadian business leaders consulted stated that the problem had baffled them, and that they hesitated to express themselves on the subject until they had studied it at greater length. Not a few of the Dominion's big business men stated that they still felt "ignorant" of the full implications of the proposal, although they had devoted some time to consideration of it. This, of course, indicates their recognition of the serious nature of the question, and the need for cautious consideration before coming to a conclusion.

Mechanical Difficulties

Bankers expressed the opinion to The Financial Post that the mechanical operation of a scheme for currency control in Canada would present some real difficulties. It was pointed out by one banker that the distance of Australia and New Zealand from foreign influences might make such operations easier in those dominions than in Canada. However, he made it clear that it would not be possible to maintain any currency at artificial levels indefinitely, unless circumstances were peculiarly favorable. Ordinarily restriction of currency transactions would result in accumulation of credit or debit balances, which must, of course, be limited.

"Looks Too Easy"

One of Canada's leading industrialists, who has substantial balances abroad, on which dollar depreciation would yield a profit, questions the wisdom of such a policy in the following terms:

"It looks too easy a way of improving our trading position and increasing the value of this company's foreign balances. I have given the matter considerable thought, but must confess that I still feel too ignorant to express myself publicly on it. In fact I marvel at the ease with which many who cannot know much about it have expressed themselves on the subject."

Executive Puzzled

A leading executive of one of Canada's great trading, manufacturing and merchandising organizations, explained his attitude toward dollar depreciation as follows:

"Although I have studied the subject seriously, I am puzzled as to its full meaning, and for this reason hesitate to state publicly what I think on the matter. I suppose you might say I am too ignorant. The question has too many facets for me, but with what I know now I'd be against it."

Packer Uncertain

One of the executive heads of a leading Canadian meat packing firm offered the following remarks on the question:

"I believe it would be a great advantage to Canada if the relative prices of primary products could be raised to correspond with prices of consumer goods. However, I am not sure that linking our dollar with sterling would accomplish this. Such dollar depreciation might require large exchange operations by the Government. I am afraid I do not

(Continued on page 2, col. 5)

CAN. CELANESE STARTS PERIOD AT CAPACITY

Mills on Full Time With Bookings at High Level

From Our Own Correspondent

MONTREAL.—Canadian Celanese Ltd. has started the new year with unfilled orders at a high level and the plan continues to operate on a 24-hour basis. Operations during the past year were undertaken much along these lines and there were few occasions when the unit at Drummondville was not working at capacity.

Despite the relatively low level of prices which obtained during 1932, plant activity enabled the company to keep its production costs well in hand and it is expected that the financial statement will reveal earnings on a par with those shown for 1931. In other words it is expected that preferred dividends of 7 per cent will be covered together with the extra dsbursements paid at the rate of $1 a share on account of arrears.

In 1931 the profit and loss account revealed earnings, after all charges, equal to $8.95 a share on the $9,000,000 of 7 per cent preferred. Total distribution on the stock in 1932 amounted to $8 a share; the extra payment reduced arrears to $28.75 a share.

Hope For Another Extra

No further word is available regarding possibility of additional payments on account of arrears. The only payment to be made so far was made in December last and it is understood that the matter has not yet come up again for discussion. The management has announced its intention of liquidating these arrears as soon as possible and it is likely that other disbursements on this account will be made during the course of the year.

Ploughs Back Profits

During 1932 considerable sums were ploughed back into the property through additions and improvements to plant. Two years ago the company embarked on an extension plan which involved expenditure of some $2,000,000 and which has added 50 per cent to the productive capacity of the plant. This found reflection in valuation given to fixed assets in the balance sheet; at the end of 1931 this figure totalled $9,495,963 an increase of nearly $1,000,000 over the previous year and a gain of $2,012,000 compared with 1930.

No new securities were issued to take of this capital outlay and since the balance sheet shows no bank

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Highlights of the Week

Events and Topics That Make Articles for The Financial Post This Week

Inflation

Leading business men are chiefly in agreement with Prime Minister Bennett in opposing deliberate inflation or dollar depreciation. A symposium of views. Page 1. Australia's disappointing experience with inflation. Page 3.

Press and Beatty

What key newspapers think of railway amalgamation as proposed by president of C. P. R. Page 8.

Parliament Meets

A forecast of the agenda and possible action of Parliament in the session to open January 30. Page 3.

Central Bank Costs

Just what would it cost to set up a central bank in Canada? Who would pay the bills? Who would make the profit? "A Canadian Banker" answers these interesting questions. Page 11.

Canal Tolls

Duff Commission declared against them but nevertheless free canals are a factor in the railway problem. Page 4.

Bank Chat

A new weekly column for bank men, bank depositors and bank borrowers. The intimate side of banking and money. Page 15.

Macassa—Bobjo

Two more thumbnail reviews in the weekly series covering interesting Canadian mining stocks. Page 20.

What Happened

The inside story of the premier's conference at Ottawa. Three major achievements touching business. Page 16.

"Made in Canada"

United States brands of flour are now milled in Canada, precipitating a sharp division of opinion in the milling trade. Page 13.

ENGLISH FIRMS WOULD BUILD AUTOS HERE

Dumping Duty is Present Bar to Importation, However

MANY INTERESTED

Citreon, Austin, Morris and Others Seriously Consider Entering Canada in Big Way

Although little publicity has been given to the activities of English automobile manufacturers attempting to gain a foothold in Canada by taking advantage of the free entry to British motor cars resulting from the Imperial Conference, many of them have been making enquiries regarding the market. One firm, the Austin Co., has gone so far as to obtain data on sheet metal and wage costs in Canada with a view to establishing an assembly plant here, The Financial Post learns. The plan would be to import complete chassis, "broken down," and build the bodies here.

Present dumping duties on the basis of $4.40 for the pound sterling appear to be an effective bar to the entry of British cars, however, according to information obtained by The Financial Post, and the extent of the interest shown by other manufacturers has been bounded, to some extent, by the possibility of the Bennett Government reducing the value of the pound sterling for duty purposes.

Time Not Ripe

A number of existing Canadian agencies have been in close touch with the manufacturers of England's more popular cars but prices quoted have made it seem impracticable to import cars under present conditions with the hope of successfully competing with the products of Canadian subsidiaries of United States concerns.

Both the Morris and Citreon concerns have shown considerable interest in the possibilities here, one automobile agent told The Financial Post, while a London, Eng., distributor handling a number of well-known cars in the medium price class had been in correspondence with agents in Eastern Canada with a view to having them handle some of these lines. In addition, a recent report from Ottawa stated that the Armstrong Siddeley Co. branch in that city, previously engaged in the sale of airplane engines, was surveying the Canadian situation in the light of the possibility of introducing the Armstrong Siddeley car to the Canadian public,

Many Sports Cars

Survey of what the English have to offer in the way of automobiles at a competitive price reveals that there are a number of makes of cars which, with only slight alterations, could be adapted to meet the Canadian requirements. Such cars as the M. G. and similar sports cars which are popular in England and the continent are believed to stand a poor chance of being able to establish a market here, however, as the Canadian motorist has not been educated to cars of this type.

In the low price class there are ten cars in England, excluding the "baby" cars, which sell there for less than £260 for the fully equipped sedan. Eight of these cars are representatives of well-known English firms while the other two are produced by English subsidiaries of European firms. Prices of these cars, and dollar values at $4.40—the valuation for duty purposes—are as follows:

1933 Sedan Prices of English Cars

Make:	No. of cylinders	"All-on" price London	$ Equivalent at $4.40 per £
Morris	4	£165	$726
Austin	4	168	739
Standard	6	189	832
Rover	4	195	858
Fiat	4	198	871
Citreon	4	198	871
Morris Major	6	215	846
Austin	6	218	959
Singer	6	235	1,036
Rover	6	258	1,135

Prior to the tariff there was a 15 per cent duty on British auto-

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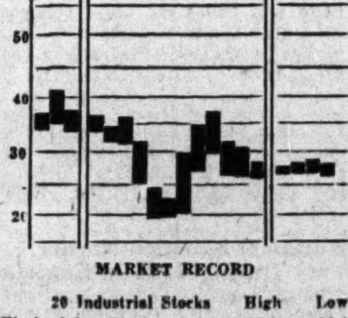
Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Jan. 24	27.8	26.4
Week of Jan. 17	28.2	26.6
Month of Jan., 1932	35.2	32.5
8 Bank Stocks		
Week of Jan. 24	166	165
Week of Jan. 17	166	163
Month of Jan., 1932	210	210
10 Public Utilities		
Week of Jan. 24	46	44
Week of Jan. 17	46	44
Month of Jan., 1932	57	54

Plan to Merge Price Bros. With Consolidated Paper Latest Newsprint Move

Discussions Being Held by Interested Parties With View of Creating Stronger Organization

CO-OPERATIVE MEASURES FALL DOWN

Recent Montreal Conferences Fail to Produce Agreement Among Principal Producers — Idea of Merging Price Bros. With Consolidated Viewed as Move Along Lines of Banking Committees' Original Intentions

From Our Own Correspondent

MONTREAL.—Amalgamation of Price Bros. and Co. with Consolidated Paper Corp. is the latest proposal in the long-drawn-out efforts to bring about some degree of stability in the Canadian newsprint industry.

The Financial Post understands that this matter is being discussed and while no decision has been reached, the idea is looked upon with favor in certain quarters.

Eighteen Months Work

Over eighteen months ago steps were taken by a banking committee to bring order out of the chaotic state into which the industry had worked itself between 1927 and 1930.

The motive back of the creation of this committee was that the salvation of the industry lay in the direction of a consolidation, both financially and physically, of the principal Eastern Canadian operators.

To the end of forming a basis upon which the consolidation could be effected, elaborate questionnaires were sent to each company asking for particulars on woods operations, manufacturing costs, etc., etc.

Data's Value Doubted

The material collected was assembled in handy form and has since been the cause of innumerable disputes. Wide variations are said to exist between the figures submitted by some of the companies as to what they can do under certain specified conditions and what they have been able to do in practice. Accordingly the material collected is looked upon as having little or no value in enabling a foundation to be laid leading up to the consolidation of the major operators.

Could Not Hold Market

While the committee was working along these lines, conditions within the industry took another turn for the worse when price scalping on new business was officially recognized last summer and contract price to the publisher was reduced from $52 a ton to $47.50 and then to $45 a ton New York delivery.

The first cut was made by Price Bros. and the last one by International Paper. The cut was met by the other manufacturers. The matter did not end there, however, as the whole marketing system threatened to get out of hand.

Committee Holds Conferences

Appreciating the fact that the maintenance of stabilized conditions in the market was of greater importance than their plans for consolidation, the Newsprint Committee turned its attention to holding the companies together and preventing a wide-open price war.

Negotiations were opened in the early part of the fall. Representatives of the bankers and the companies concerned attended numerous meetings in Montreal; in fact, the greater part of the time of the newsprint executives was taken up by these meetings.

Conference Falls Down

It had been fully anticipated that following these meetings an agreement would be reached placing the industry in a sounder position than at any time in the past three years. There were good reasons for these anticipations, but developments at the last moment took an unfavorable turn and the net result of the many meetings in Montreal was exactly—nil.

Now Back to Merger

With the collapse of the conference, attention has swerved round again to the possibilities of setting up one large Canadian company which would be in a position to determine or have an important bearing on a common policy for the newsprint industry.

Certain obstacles confront the proposal of a wholesale merger of the leading operators, but in Price Bros. and Co. and Consolidated Paper Corp., it is thought in some quarters a consolidation could be effected.

Reasons for Move

Such a move would likely be the first step toward the major proposal. It would create the largest company in the North American newsprint field. It would overcome pressing difficulties in Price Bros.' situation. And last, but not least, it would go a long way toward "sweetening" Consolidated Paper's position.

Examination of the situation surrounding these two companies is of value at this time in view of the likelihood of determined steps being taken in the near future to clean up the almost hopeless situation in the newsprint industry.

Price Bros.' Problems

The troubles leading up to the breakdown of Price Bros. and Co., one of the oldest and at one time most thoroughly sound industrial organization, are well known.

When Lord Beaverbrook withdrew his plan of reorganization and the company was forced to default on its bond interest, Price Bros. and Co. has been drifting from bad to worse. Attempts have been made by a bondholders' protective committee to secure the deposit of sufficient bonds to give them authority to go ahead and work out a plan of reorganization. Efforts along this line have not been successful to date. Various objections have been raised about this committee, such as the cost and the desire of greater representation of Canadian interests.

This objection has taken tangible form in the withholding from deposit of a large block of bonds held by the insurance companies. Inasmuch as this committee cannot function fully with 75 per cent of the bonds, its usefulness to date has been only of a minor character.

Over the last six months Price Bros. and Co. has been in a position where it is at a disadvantage in competing for and holding American business. It has lost several contracts and the volume of its American business has seriously shrunk. The company still holds the Beaverbrook contract, but as payment is made in English pounds, the return to the company in Canadian dollars has been several dollars a ton less than the cost of production. The effect of this on the company's income position is better appreciated with a knowledge of the fact that better than two-thirds of the tonage produced is sold to the Beaverbrook newspapers.

Bank loans of the company have been whittled down to around $3,900,000. Carrying charges on this loan constitute a heavy burden to the company.

Despite the limited earning power at this time, and its obligations to the banks and bondholders, and unsatisfactory newsprint contract situation, the company, under more normal circumstances, is capable of being a good money earner. In respect to plant, available cheap

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MONT. POWER HOLDS PROFITS IN PAST YEAR

Estimate Share Earnings Slightly Better Than $2

IMPORTANT CHANGES

Balance Sheet Will Reflect Bond Redemptions and End of Customer Stock Campaign

From Our Own Correspondent

MONTREAL.—Preliminary estimates of Montreal Light, Heat and Power Consolidated's income for the past year, place profits in the neighborhood of slightly better than $2 a share compared with $2.17 in 1931.

Over the last 12 months Montreal Power has had to contend with problems common to all utility companies. Industrial needs have been on a lower scale, while domestic requirements have been reasonably well maintained. Consumption of both electrical energy and gas are generally understood to have declined from 1931 levels. In that year sales of energy totalled 1,557,929,949 kw.h. and gas 6,096,723,000 c.f. Power sales in 1931 were the third highest on record, while gas sales were second largest in the history of the company.

Income From Investments

Income from the company's investments, which now constitutes an important feature of the profit and loss account, is believed to have contributed a larger share of the company's aggregate income in 1932.

Net operating income has been helped by a reduction in operating expenses. Important economies were effected last year without detriment to the standard of service established in other years. On the other hand taxes are most likely to have increased, partially offsetting savings in the way of lower operating expenses.

The report for 1932 is expected to be one of the most interesting brought out in the past few years, for in addition to a favorable showing of earnings, the balance sheet will reveal important additions consequent upon developments in the past 12 months.

Finish Customer Campaign

At mid-year the customer-ownership campaign, instituted in July, 1930, came to an end. It will be recalled that the company offered each customer the privilege of subscribing for a maximum of 10 shares at a cost of $50 a share, with payments spread over a period of 24 months. Shareholders were offered rights at the same time, the two offerings involving nearly 1,000,000 shares.

During 1930 new capital received by the company from shareholders and customers, on account of rights and subscriptions, totalled $17,019,840. In the following year slightly over $18,000,000 was received. Receipts for the past year would not be so high, but the amount involved would run into several millions of dollars.

Were Given Debentures

Customer-subscribers, instead of receiving stock, were given debentures. These debentures will appear in the balance sheet for the first time. The amount outstanding is not known at present, but the authorized and issued amount was $25,000,000. Not all of these debentures are paid up. The majority of subscribers, however, have completed payments and have been issued certificates. Interest, at the rate of 3 per cent yearly, was paid on this issue during the last half of the year.

The funded debt at the close of 1932 will likely show a minor increase due to the offer made by the company to bondholders of Montreal Island Power Co., where-

(Continued on page 2, col. 7)

116 Branch Plants Gained By Dominion in Past Year

New industrial plants opened or announced in Canada during 1932 totalled 206, according to a week by week compilation undertaken by The Financial Post during the year. The results of this study are published this week in The Financial Post Business Year Book, 1933, which is just off the press.

These figures represent the result of what is perhaps the first attempt toward regular collection and publication of information in regard to the annual industrial and branch plant development in the Dominion.

Many New Connections

In addition the survey reports 19 important plant extensions during the year and 29 new industrial connections made during the year by existing corporations in Canada. All except one of these new industrial connections represent new industries or industrial connections in Canada made between Canadian plants and manufacturing firms in the United States. Such new industries are often quite as important as the establishment of what might be termed a new plant, only in the former case the new product becomes manufactured in Canada without any extension (as far as is known) of existing plant facilities.

Analyzed by country of origin the figures show that of the 206 new plants no less than 106 came from the United States. Five came from Great Britain and five from other countries, the remainder, 92 in all, represent new plants or industrial undertakings on the part of Canadian companies.

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A FITTING CROWN

FOR any man who takes a pride in his clothes: Smartly shaped in the most approved style, it is not only good to look upon but most comfortable to wear. There is a quality and good workmanship here that will keep this derby on your hatrack, long after many less worthy examples of headgear have been consigned to — wherever worn out hats go to.

Birkdale DERBY $6.00

Main Floor — Yonge Street

THE T. EATON Co LIMITED

ENGLISH FIRMS WOULD BUILD AUTOS HERE

(Continued from page 1)

mobiles valued at less than $1,200 in addition to the dumping duty. Under these conditions the cheapest British car would cost $836 in Canada without addition to freight and sales tax.

Small Cars Unsuitable

Strictly on a price basis these cars might compete with those produced here but, it can be safely said that none of these cars is entirely suitable for the Canadian market. To understand the situation it must be remembered that these cars are produced to sell in a market with considerably lower purchasing power than that of Canada, the engines being designed to give the maximum of efficiency combined with the minimum of displacement owing to the annual tax of £1 per horsepower based on displacement (100 cubic centimeters equals one horsepower). In the sports cars, performance has been secured by developing a high speed type of engine and standard speeds as high as 85 m.p.h. is guaranteed. In the others, however, speed is sacrificed to economy of operation and small engine capacity.

Previous Failures

Previous attempts to introduce small English cars into Canada have ended in failure for a number of reasons. Probably the chief one has been that the cars which have been shipped to this country have not had the steering altered to conform with the highway conditions of Canada. Little or no attempt has been made to establish a chain of agencies and service departments through any part of the country and those agencies which were established always appeared to suffer from lack of proper accommodation for display. "After-sales" service is an important feature of sales organization and this has been neglected by manufacturers who have made previous attempts.

For these reasons and because competition in the low-price field in Canada is extremely severe it seems unlikely that any invasion of this type of car will take place.

Good High Class Cars

An entirely different situation exists in the medium and high price fields. Here, the British manufacturer has added all the refinements as well as providing roomy comfortable bodies. Mechanically, in some respects, they are ahead of automobiles on this continent, fluid transmission and epicyclic gear box, which were features of 1933 English shows now being predicted by engineers in this country as the next departure in engine and chassis design.

Such cars as the Daimler, Armstrong Siddeley and the bigger models of Humber and Austin, while still lacking something in body design as far as Canada is concerned, might be altered in this respect to sell here. The Canadian market in this field is fairly small, however, and the question as to whether British manufacturers could profitably alter design and install left-hand driving to conform with Canadian requirements is a moot one.

An Excellent Record by

International Proprietaries

LIMITED

The Company and its Business—International Proprietaries Limited was formed in 1928 and acquired control of the business of J. C. Eno Limited, manufacturers and distributors of Eno's "Fruit Salt", and the Thermogene Company, manufacturing and distributing "Thermogene" a medicated heat wadding. Since that date many important economies in operation have been effected. The establishment of factories in a number of countries has resulted in savings both in the cost of the product previously shipped from Great Britain and in evading onerous import duties.

Earnings—Total net profit available for taxes, reserves and dividends amounted to $1,233,347.69 in 1931 as against $1,234,213.67 in 1930, $1,270,482.79 in 1929. Total net earnings available for dividends amounted to $944,907.41 in 1931 as against dividend requirements of $695,529.06.

The 1931 earnings are subject to exchange losses if net current assets were transferred to Canada from the Company's agencies throughout the world.

Mr. Harold F. Ritchie, President (of International Proprietaries Limited), has estimated that net results in 1932 should be practically the same as in 1931.

Capital Structure—The Company has no bonds outstanding. Its issued capital consists of 224,265 Class "A" shares and 112,500 Class "B" shares.

Dividends—Class "A" stock receives a cumulative preferred dividend of $2.60 per share and may receive up to $3.40 per share through its participation with Class "B" in additional distributions. Class "A" received dividends totalling $2.85 in 1930, $2.70 in 1931, and $2.60 in 1932.

PRICE—Class "A" Stock: At market to yield over 9%.

This yield includes only the regular dividend of $2.60 per share.

We will be glad to supply further information on request.

DOMINION SECURITIES CORPORATION LIMITED

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The Nation's Business

(Continued from page 1)

jective. If such international action were taken Canada would not wish to deny itself the privilege of joining forces with other nations to aid recovery to the degree that it could be aided in this manner.

But for Canada to essay inflation alone would be financially suicidal exactly as the prime minister so vigorously and effectively indicated.

* * *

Is Amalgamation Best Rail Solution?

MR. BEATTY has received a most favorable newspaper reception to his proposal for an operating lease, of the Canadian National Railways to the C. P. R. or some similar form of amalgamation. There are a few newspapers which see in Mr. Beatty's proposal a sly attempt by "St. James Street" to "grab" the nation's great publicly-owned railway but these newspapers are few. If the newspapers reflect public opinion then the nation is in a mood for a far-reaching remedy of the railway problem and the Duff Commission guessed wrong when they assumed that the public wouldn't stand for anything "painful," to use Mr. Bennett's word of this week.

Typical of the opinion of some of the public ownership newspapers which are now more concerned with the reduction of public costs than with the maintenance of faith in theories is this extract from the Evening Telegram, Toronto:

"Amalgamation, under C P. R. management may not be the answer to Canada's railway problem but so far no person has suggested anything else which promises a solution which will stand up under critical examination."

* * *

IS AMALGAMATION the only solution of the railway problem? It is indeed not the only one that could be found. The possible solutions are roughly as follows:

1. Continuance of the present basis of competition between a private company and a government railway.

There would be little objection to this plan if one could feel assured of capable management and that the government railway would in the future be operated on a non-political basis, operated with economy and efficiency and deflated to reasonable mileage. But past experience suggests that all that is needed to turn the C. N. R. back to the politicians again is a touch of "prosperity" that will make the public forget the pressure of their tax burdens and the lessons of the past.

Even the proposed arbitral tribunal does not seem to offer assurance of economic, non-political operation of the National lines and it is open to very grave objections from the standpoint of investors in the private company.

2. Purchase of the Canadian Pacific Railway by the government and its amalgamation with the government lines.

This would give the country a thrilling ride downhill to complete bankruptcy of the national finances.

3. Sale or lease of the Canadian National Railways to the Canadian Pacific, giving the country a virtual railway monopoly under private management which would necessarily be brought under a larger measure of public control of construction, rates, etc., than exists even at the present time.

This is roughly the Beatty plan. It is a plan with much merit and there is little doubt that it could be adopted at the present time either if the present government were to make it its policy or if a national government were formed to put the merger through. It has not much chance, however, if it is to be voted on in parliament without the blessing of any responsible government.

4. Sale of the Canadian National Railways to a private syndicate in order to give Canada two competitive private railways.

Here is the ideal plan, one that frees Canada from the menace of political railway operation and at the same time retains the spur to efficiency and service provided by competition. Over a term of years it seems quite reasonable that Canada could support two railways providing both of them were properly run and reasonably capitalized.

* * *

THE objection usually urged to this plan, that it would immediately transfer to the taxpayers the burden of the national railway debt is no objection at all. That burden now rests on the taxpayers and they are fooling themselves if they think that any substantial portion of it can be transferred anywhere else at an early date without repudiation.

What our ultimate return on this government investment may be is hard to say. Any arrangement made—whether sale, lease, or joint operation—should be on a ratio sharing basis that would permit the taxpayers to share in the profit of economical operation.

The real objection to the plan of selling the C. N. R. to a private syndicate is that it seems difficult of execution now and if we were to wait until world financial conditions made a sale of the C. N. R. feasible the burden to be assumed by the taxpayers would be even greater than it is now. The question is whether the country can afford to wait fo- such a solution.

Mr. Beatty's plan is not as good a plan as the setting up of two competitive private companies but it is at least capable of being adopted without delay, which is a factor that may after all outweigh other considerations.

Adoption of the Beatty plan would not prevent the sale of the C. N. R. to a private syndicate at the end of a ten or twenty year lease if it was then found desirable. The government could, in any event, make a better deal then than now.

RENTALS 1932 PAY INTEREST SIMPSON BONDS

(Continued from page 1)

est, $185,540 Robert Simpson Co. 6 per cent preference stock and $12,974 transferred to the employees bonus and savings reserve, and there was no deduction for depreciation as officers state that depreciation write-off in the two previous years was adequate. The accumulated surplus therefore dropped during the year from $702,229 to $524,916.

INCOME AND SURPLUS ACCOUNT
Working Capital

	$	$
Net earnings	679,277	2,231,351
Less:		
Bond interest	588,993	662,155
Bond int. R. S. Co.	69,084	79,262
Pref. divs. R. S. Co.	185,540	201,000
Employ. bonus & savings res.	12,973	42,198
Deprec. res.		626,526
Net profit	*177,313	620,480
Less: Pref. divds.		743,305
Class "A" divds.		120,000
Surplus for year	*177,313	*242,825
Add: Prev. surplus	702,229	945,054
Balance forward	524,916	702,229

*Deficit.

The change in the company's year to end on the first Wednesday of the new year instead of the first Wednesday of February is stated to have been made to facilitate merchandise operations in January. At the annual meeting a by-law to authorize this change will be submitted. January is generally regarded as a month for sales of surplus merchandise left over from the holiday season and clearing the shelves for incoming goods for which plans have to be made a long time ahead. Advertisements in recent weeks have reported plans on a large scale by Simpsons Ltd. to keep textile, furniture and many other types of factories busy while goods made are removed quickly and sold at as close profit margins as possible to the consuming public. Such plans are no doubt aided by the change of year-end.

Activity Has Been Great

The market drop in net earnings to a point less than one-third for the preceding period does not mean that merchandising activity has been any less. The aggregate number of individual transactions, state C. L. Burton, president and general manager, compared favorably with the total for the corresponding period of the preceding year, but the dollar volume was directly affected by the marked decrease in commodity prices and the reduced public spending power with consequent reduction in earnings.

Ratio of current assets to current liabilities was well maintained during the year although working capital dropped from $8,673,868 to $8,107,893, or $565,975 less.

	1933	1932
Current assets	11,200,873	11,933,903
Current liabilities	3,092,980	3,260,035
Working capital	8,107,893	8,673,868
Ratio	3.62—1	3.66—1

The working capital position is still very favorable in view of the fact that the company still has been able to finish its year without liabilities to its bankers for loans or overdrafts. The drop in current assets also takes into account the fact that the drop in commodity prices made it necessary to reduce inventory valuations substantially. Mr. Burton states that the ratio of inventory to sales and volume has been maintained. The company's strength relative to the present situation has therefore been unimpaired. The advances for goods in transit compare at $218,017 with $244,393 at the outset of the year, but probably have relation to the same quantity of goods.

Accounts receivable also reflect the fact that dollar volume has been lower for the same physical volume of goods but still stand at $4,517,794 whereas on February 3, 1932, the total stood at $4,636,866. All debts believed to be difficult to collect have been written off and possible losses have been provided for.

Accounts payable increased from $2,598,753 to $2,659,054, and this is believed to represent the result of the intensified programme for accelerating the movement of Canadian-made products from factory through store to consumer. The reserve for taxes, rents, etc., in current liabilities dropped from $596,585 to $382,694, and other reserves for dividend bonds and interest payments are also lower.

Bonds Are Down

Lands, buildings and equipment were shown in the preceding balance sheet at $24,633,225 and in the new balance sheet at $24,701,333, but no important capital expense was made during the period. No write-off for depreciation occurred as the view was taken that the $1,839,379 written off in the three preceding years was adequate. Bonded indebtedness, however, was written down during the year by $319,525, thus making the total reduction of bonds since June, 1929, a total of $923,893.

The five per cent first mortgage sinking fund gold bonds of the Robert Simpson Co. were reduced during the year from $1,506,428 to $1,438,003 and the first mortgage and collateral trust sinking fund gold bonds of Simpsons Ltd., parent company, dropped from $10,814,700 to $10,563,600. The 6 per cent Series "A" of these Simpsons bonds now stand at $9,365,700 as against $9,590,300 at the outset of the year and the 5½ per cent Series "B" stands at $1,197,900, down from $1,224,400. Both series are due in 1949.

Button Production Higher During 1931 in Canada

Button business in Canada was flourishing in 1931, the value of production being $773,710 as compared with $702,470 in 1930. There were nine factories in Ontario and two in Quebec.

Principal items of production in order of importance were: Vegetable ivory buttons 425,882 gross valued at $245,475, followed by pearl buttons with 128,109 gross worth $93,081, whilst fresh water pearl buttons take third place with 197,381 gross valued at $58,679.

LEADING BUSINESS MEN SAY THEY DOUBT VALUE DOLLAR DEPRECIATION

(Continued from page 1)

know enough about it, and would like to know more. I would like to have the possible penalties of such a policy explained to me. I would perhaps be willing to take the risk, if I knew what penalties were involved in such action."

Favors Sterling Level

One of Canada's leading export traders, who has dealings over the larger part of the globe, is strongly in favor of a lower value for the Canadian dollar, preferably corresponding to sterling, and expressed himself to The Financial Post as follows:

"If we were to place the Canadian dollar on a par with sterling, we could sell our goods in Britain on the same basis as before. We cannot do this under the present exchange rates.

"They say that we owe large amounts to the United States and this would cost Canada much more if our dollar went lower on the exchange markets, and that such debts would be hard to pay.

"Suppose a man is out of work and owes you money. He can't pay you, can he? Well, Canada is out of work and finds it hard to pay for that reason. Wouldn't it be better to give a boost to our export trade by placing our dollar on a par with sterling and paying a little more to the United States on our debts? It would be better to be paying more in exchange, and have the wheels of industry in Canada turning, than to keep our dollar up and have our industries dormant as at present."

Industrialist Against Inflation

Ross H. McMaster, president of the Steel Co. of Canada, voices opposition to dollar depreciation and inflation in the following terms:

"There are in our midst today some who would invoke inflation as a cure for our ills, promising our exporters thereby better prices for their products and adding to this glittering scheme a further promise that their particular brand of inflation will be subject to control. Such a plan must undertake to control prices, even though that would involve the control of wages and currency and actions of governments. . . . No previous attempts at achieving the impossible could hope to equal such a proposal. If experience has proved anything, it has established the fact that there is no royal road to nor any painless method of correcting economic mistakes. Certainly, to attempt to do so by inflation promises little hope in the light of the experience of those countries that have made such attempts or have travelled this path in recent years. Government or other interference with economic laws has everywhere served to accentuate the difficulties rather than provide a cure."

Bennett Also Opposed

Rt. Hon. R. B. Bennett also expressed himself strongly against any form of inflation in his recent address at Toronto, in part, as follows:

"Those who have given little study to the problem suggest that all it is necessary to do (to remedy our position) is to embark on a policy of inflation. . . Remember that, geographically, Canada is part of the North American continent . . . financially the same is true. In 1933 Governments and corporations of Canada must meet over $684,000,000 in interest and principal on obligations in the United States (and Canada) . . . When we talk of linking our dollar to the pound sterling we are making ourselves absurd. How are you going to do it? . . .

"When I was in England the foremost banker of Great Britain said to me: 'Mr. Bennett, in all the history of the world, you will find no inflation or departure from sound money by any country of its own volition. . . There are only two reasons countries go off sound money: first, necessity, a lack of sufficient currency; second, insolvency.' Canada does not lack currency . . . nor are we insolvent."

Wants Depreciation

As an exporter, H. H. Phillips, of A. A. Bolté & Co. Ltd., expressed approval of a policy of dollar depreciation:

"We know from correspondence received from all over the world that we would do more business on such a basis, and I am frankly quite selfish in favoring it. There is plenty of machinery in the Government's hands to do the thing, and if it were put into effect over night there would be no speculation. I understand that a large proportion of the securities on which United States exchange is payable is held by Canadians. Why should not an appeal be made to them to forego this increment? I think a greater export trade would decrease unemployment in Canada and speed up industry. I think it would do much good and cannot see that it could do much harm."

One of the leaders in expressing himself in favor of dollar depreciation is A. Neil McLean, of Saint John, N.B. Mr. McLean, president of Connors Bros. Ltd., is an exporter, and is an executive member of the Maritimes division of the Canadian Manufacturers' Association. His view as recently expressed to The Financial Post, is as follows:

"During the last two or three years we have been trying to follow the American dollar. That is, we have tried by artificial means, such as gold shipments, to keep our dollar as close as possible in value to the American dollar. There might be some grounds for this policy if we had reciprocity with the United States, but we have entered into trade agreements with the British Empire; therefore, it would only seem logical that if we are to reap any benefits from these agreements that our money or currency must be brought in line with the pound sterling which is now not only the monetary trading unit of the British Empire, but is recognized as by far the leading international monetary trading unit."

Banker's Attitude

At the recent annual meeting of the Bank of Montreal, W. A. Bog stated the views of the joint general managers of that institution on the subject as follows:

"There is something to be said in favor of a reasonable discount on our dollar in New York, although it is burdensome to those having obligations to meet in New York funds, but to increase this discount artificially in a competitive way to a level with those countries whose currency is depreciated to a greater extent than ours would be an extremely dangerous experiment as no one could tell where it would end."

J. A. McLeod, general manager of The Bank of Nova Scotia, voiced his opposition to depreciation of the Canadian dollar at the recent annual meeting of the bank as follows:

"It is not unnatural that under the difficult conditions facing us, many have been attracted by proposed root-and-branch changes of one kind and another. Foremost, perhaps, among these is the proposal that our currency . . . be deliberately depreciated further . . .

"This would involve at the present time, a premium on New York funds in Canada, of rather more than 40 per cent. I confess frankly that I should regret very much such a policy and that I see no salvation for us in further currency depreciation."

Dominion Bank Opposes

At the annual meeting of The Dominion Bank, C. A. Bogert, general manager, pointed out that the advantages claimed for a policy of dollar depreciation were decidedly uncertain as follows:

"Some inflationists . . . favor depreciating the dollar to the level of the pound sterling, which would, they say, enable Canada to increase her exports, stimulate her home trade, reduce unemployment and ultimately raise the internal price level, bringing commodities and debts into better balance, so that business would again be prosperous, and thus return to the public treasury a greater revenue in taxation than the additional exchange premium. This sounds like an attractive solution, but it is not as easy as it seems, for it is always open to other countries to keep step with Canada in inflation or to increase their tariffs, thereby blocking any trade advantage to this country. The history of inflation is that once it begins it is impossible to control.

Rt. Hon. Arthur Meighen recently stated that inflation by an individual country was suicidal:

"What is undoubtedly, manifestly fatal, is inflation by any individual country . . . but if the countries could only act together and add to the value of gold, it seems to me there would be a quicker and surer relief from the misery we wallow in now."

S. H. Logan Against Depreciation

S. H. Logan, general manager of the Canadian Bank of Commerce, at the annual meeting of the bank, expressed disapproval of inflation and dollar depreciation in the following terms:

"Some of our citizens . . . contend for a degree of currency inflation sufficient to cause a material rise in domestic prices over world prices. They advocate arbitrary depreciation of the Canadian dollar, to, say, 75 per cent of parity, or linking it in exchange value with the more depreciated pound sterling.

"The argument in favor of this proposal ignores several important considerations, among them, that part at least of the extra premium on export prices would be wiped out in a corresponding rise in import prices; that there is considerable evidence to show that action of this kind elsewhere has been a drag on commodity prices; and that world markets, already over-burdened by supplies of raw materials and food products, are in no condition to withstand the further competition resulting from forced exports. . .

Gooderham Gives Warning

A warning note on inflation was given by W. G. Gooderham, president of the bank, at the annual meeting of the Bank of Toronto:

"I take this opportunity of saying a brief word on the subject of currency inflation, about which we hear a good deal in these times, not only from plausible radicals but also from generally sound-thinking people . . . Theoretically, a restricted and temporary measure of currency inflation is tempting, but one dose almost invariably calls for another, and who is to say where the line should be drawn. . . . Inflation in whatever degree would not add a penny to the price of our wheat in Liverpool, and I am afraid any apparent advantage in converting the pound into depreciated dollars would prove quite illusory.

Civic Official's Opinion

In a recently issued statement, George Wilson, finance commissioner of the city of Toronto, opposed dollar depreciation as the following quotation shows:

"The inflations of currencies in Australia and New Zealand are probably a source of profit to the exporters of those countries. Inflation of a similar type in this country might be profitable for our exporters, but not for Canada as a whole because of our important fiscal relations with the United States and our enormous gold obligations to that country.

"Controlled" Depreciation

One of the major problems of dollar depreciation or "linking the Canadian dollar to sterling" would be the method of operating such a plan. As proponents of inflationary and dollar depreciation policies do not generally appear to offer definite explanations as to how such operations for exchange "control" could be conducted, The Financial Post consulted bankers on this technical side of the question. One banker made the following suggestion as to how such a plan might be carried out:

"I presume a combination of the Canadian banks would have to be formed to deal in foreign exchanges only on the basis of sterling at par in Canada. Of course such a restricted exchange market could not be maintained indefinitely because large balances would be created on exchange account, and these would have to be limited in size.

Unsuccessful in Europe

"In most European countries where this type of exchange restriction was placed in force, bootleg markets in exchange developed, and finally absorbed virtually all the exchange business. I understand that the governments of such countries are now recognizing the bootleg markets and removing the exchange restrictions.

"As far as I know at present there is no artificial restriction or influence being operated by the Government or the banks on the Canadian dollar. It is finding its own level. The only form of control, and one which is largely psychological, is being operated through the Government's purchases of gold from the Canadian mines. Instead of allowing the mines to produce their gold and sell it in the United States from day to day as produced, the Government is using its supplies of the metal to ship bullion at the time when the exchange market is most in need of support. This gives a psychological value to the operations, but actually there is practically nothing different occurring than what would take place if the mines exported the gold themselves. The Government is merely timing the shipments differently."

Depreciation By Inflation

It is granted by opponents of depreciation that the Canadian dollar could also be lowered by inflationary measures, but it is contended that this could not be controlled so as to keep the foreign exchange value of our currency stable in terms of any currency. Economists have pointed out that prices could be made to rise, and exchange on our dollar could be made to fall, by issuing currency, but that the reverse process would be difficult. A reduction could not be made in currency issues quickly enough to improve exchange. In other words the control of exchange in this way would be one sided only, and could not be sure to maintain stability in both downward and upward movements.

Ford Factory Busy on 1933 Automobiles

Ford Motor Co. of Canada started 1,000 men to work on the new models for 1933 on January 23, reports from Windsor state. No comment was made regarding the new cars by company officials but automotive circles, after being flooded with rumors of a new six to take the place of the four and also a new and lighter eight for the same purpose, now definitely appear to expect little change from last year with the eight being the big seller and the four remaining on the line for sale to fleet owners and those who wish an economical car.

Die and tool workers have been employed at the factory for some time past so the inference is that there will be at least some minor changes on the 1933 models compared with those of the previous year. It is stated that the new car will appear on January 28.

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MONT. POWER HOLDS PROFITS IN PAST YEAR

(Continued from page 1)

by the series "B" bonds of the former were offered in exchange for those of the latter. Montreal Island had outstanding $10,000,000 of bonds. There was a wide acceptance of the offer, so that the face value of Montreal Power's outstanding "B" bonds should be increased by $5,000,000 or more.

A point in connection with this deal is that Montreal Power will save money on interest charges, the "B" series carrying a lower interest coupon than in the case of Montreal Island bonds. Montreal Power now has controlling interest in this company, having had a majority of the voting stock before the offer of exchange of bonds was offered.

Redeem Block of Bonds

Though the balance sheet will reflect this deal, funded charges in another direction are reduced. At the end of 1930 Montreal Light, Heat and Power Co. had outstanding $6,326,000 of 4½ per cent first mortgage and collateral trust bonds. Of this amount $1,174,000 was held in the treasury and put up as collateral against the parent company's bonds. These bonds were redeemed at the beginning of 1932.

In addition sinking fund operations on the other bond issues would account for the redemption and cancellation of possibly another $500,000, making total redemptions during the year of about $6,800,000.

Interest In Investments

Considerable interest will attach to the forthcoming report by those interested in seeing how Montreal Power's investments fared during the past year. The last statement showed that the company held $11,855,734 of Dominion and Quebec bonds, as well as $133,271,118 of bonds and stocks of subsidiary and other corporations. Though no details have been given as to the company's holdings, other than those in controlled companies, the auditor's statement in the 1931 report said that the values of investments were amply protected by reserve.

With the new capital received in 1932, it is anticipated that the investment account will show further gains. As far as can be learned any depreciation which may have occurred in the market value of securities held last year has been taken care of by the investment reserve.

CAN. CELANESE STARTS PERIOD AT CAPACITY

(Continued from page 1)

loans outstanding it is evident that the betterments and additions were paid for out of earnings and liquid resources. This is further borne out by the fact that cash and cost value of investments cash totalled $1,547,213 at the end of 1931. At the end of 1929 the combined total of these two items was $2,553,907 indicating that the company's investment portfolio had been depleted to the extent of over $1,000,000 to provide funds for property expansion.

A feature of the company's last balance sheet was provision of $150,000 for market depreciation of investment securities held, or for other purposes. Cost value of investments was $1,150,819 and auditors pointed out that a former reserve for contingencies of $100,000 and the special provision made in 1931 were considered adequate to take care of the decline in market value as at December 31, 1931.

Progress of Canadian Celanese Ltd. has been noteworthy in the past few years. Though the company took some time to get into its stride after its formation in 1926, operations received substantial impetus through the advantageous effects of new tariff regulations enacted in 1930. The company's business was soon increased 100 per cent and there has been no slackening of business up to the present.

Preferred and common shares listed on the Montreal Stock Exchange during 1931 and the preferred has commanded some trading activity on occasions. Current quotations are in the neighborhood of 80, at which level they return 8.7 per cents.

Some idea of the extent of the company's growth since the first unit of the plant was erected in 1926 may be seen in the fact that the last official information made public 18 months ago showed that the company then had 21 factory buildings erected containing a floor area of 610,778 square feet. Manufacturing units comprise plants equipped for the manufacture of cellulose acetate, artificial yarn, woven and knitted fabric, and various articles made from that product. Since that time plant capacity has been considerably widened.

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An opportunity for every good citizen to inform himself on one of the vital issues of today.

IS CANADA'S banking system antiquated and does it need to be revitalized by a central bank? Or is Canada's wonderful record of no bank failures in this, the greatest depression in history, proof that we do not need any such radical change in our banking system?

This is one of the big questions of the hour in Canada. Fiercely is it being debated in and out of Parliament. Most of the debate is carried on by those who have no adequate conception of their subject.

Recently The Financial Post published a series of articles on "A Central Bank for Canada" that made clear all the essential facts about central banking, and its possible application in Canada. It was a simple statement of the pro's and con's written for the average business man reader.

These articles were written by a recognized student of the problem, A. F. W. Plumptre, lecturer in money at the University of Toronto.

These articles have now been published in a small paper-covered book. Copies may be obtained at the nominal cost of, each 25c

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An occasional department of comment on the background of governmental activities in the nation's capital

By Our Ottawa Correspondent.

Parliament's Agenda

OTTAWA.—When Parliament resumes on Monday two vital problems and several questions of lesser importance will constitute the programme of business. It is the firm intention of the Government to get through this work and end the session by mid-April.

* * *

Railway Problem

FOREMOST on the legislative programme is the railway problem. At the moment, a bill embodying the Duff Commission recommendations is before the Senate railways committee but there is every expectation that amendments to this bill, providing for railway unification along the line of the Beatty plan, will be offered. It is now conceded that there is a majority of the Senate rank and file in favor of the Beatty plan and while some of the leaders, like Rt. Hon. Arthur Meighen, may be opposed to unification, the chances of the Beatty plan leaving the Senate in the form of concrete legislation are exceedingly good.

What will happen in the House of Commons is another matter. In the Commons everything depends upon the attitude of the Government. So far the Government has not adopted any policy with respect to the railways. The Duff recommendations were brought down in the Senate in the form of a bill with the express declaration that the administration must not be considered as wedded to any or all of its provisions, and that parliament was entirely free to change the legislation as it might see fit. Moreover, the cabinet has not considered the problem in a final way. The various ministers have been studying the report, have been following the recent developments, and it is reasonably clear that on the straight question of unification versus competition the ministry would be divided. The general belief is that the cabinet will be guided, largely, by the sense of the Conservative caucus and the caucus is likely to favor the Duff report as the policy which will entail the least political danger.

All that can be said of the railway problem at the moment is that the Senate is likely to come out for unification and the lower house is just as likely to stand by the Duff report.

* * *

Huge Deficit

THE second outstanding problem—closely related to the railway problem—is finance. The budget will be brought down early, probably before March 1, and will disclose a very large deficit. This deficit, which may run to $150,000,000 will be the result of the National Railway deficit and the various special expenditures. Some increases in taxation are inevitable and there will be a large addition to the public debt. The Government, however, will not seek to balance the budget entirely by new taxation. A surprising feature of the budget will be a considerable number of tariff changes.

The estimates for 1933-34 will be tabled early in February and will disclose further large scale economies on ordinary Government expenditures. Whether or not these economies will be sufficiently large to out-balance the increase in special expenditures—such as unemployment relief, advances to the western provinces, etc.—is very doubtful. In recent years while the government has cut ordinary outgo to the bone, the savings have not been large enough to offset the special expenditures.

* * *

Redistribution

THE re-distribution bill will be put through and this may occasion much controversy but will hardly delay prorogation. The fighting on re-distribution always takes place in committee. The bill carries unanimously in the house. If the committee cannot come to a speedy decision the Government may stand it over until 1934. The only reason for insisting upon enactment this year would be that conditions are such that a general election may become unavoidable. The Bennett Government has a substantial majority but, for one reason or another, seems unwilling to come to grips with some of the major issues of the day. The railway issue is a case in point. The granting of largesse to western provinces, to unemployment relief, to wheat farmers in the form of a bonus, to wheat stabilization—to a dozen or more causes really outside the proper function of Government, constitutes an issue which must be faced if the national budget is to be balanced. To face this issue certainly involves unpleasant political consequences and a strictly party government, perhaps, cannot be expected fully to measure up to the needs of the hour. Observers at Ottawa believe that events may conspire to compel the adoption of heroic measures in the national interest and the obvious kind of a government to meet such a crisis would be a national administration formed for the purpose. To the end that the election machinery be ready for immediate operation, the re-distribution bill probably will be enacted this session.

* * *

Miscellaneous Issues

THREE or four public issues certainly will come in for thorough discussion when parliament resumes. The Government's wheat policy, including the probable consequences of the closing of the Buffalo route, will be the subject of debate. Unemployment relief will continue to be a controvercial issue. The Soviet cattle deal has now become a national issue.

The reorganization of the civil service seems to have taken strong hold. Powerful forces are at work to carry through the scheme outlined recently in The Post. Whether or not legislation will be brought forward this year is very doubtful.

As a matter of fact, the Government will seek to close the session about two weeks prior to the opening of the World Economic Conference at London. Premier Bennett will represent this country but will scarcely be able to go unless given a release from Parliament by April 15.

NATIONAL TRUST SHOWS EARNINGS $12.72 PER SHARE

Deposits Higher — Liquid Securities Are 68.9 p.c. of Total Deposits

Net profit of National Trust Co. in 1932 was $466,792 as compared with $546,041 in 1931 and, after deduction of $84,954 for taxes, the company earned 12.72 per cent on paid-up capital of $3,000,000 as against 15 per cent in 1931. The report shows liquid assets at 68.9 per cent of total deposits while trust deposits have increased to $15,236,335 from $14,636,435 and trust funds for investment are down to $6,454,665 from $6,607,752. The estates, trusts and agency account is up to $238,935,496 from $237,979,850.

Assets in the guaranteed trust account include mortgages at $12,529,752; securities at $7,044,117; stocks at $114,860 and cash at $1,924,135. In this account mortgages show reduction of $358,138 since 1931 while holdings of Dominion of Canada bonds are up by $315,340 and cash is up by $462,742. Government and municipal bonds are carried at cost; other securities are carried at market value.

In capital account, premises are down to $1,099,114 from $1,130,067; mortgages are slightly higher at $2,954,286 while real estate held for sale under mortgage foreclosure is up to $720,111 from $392,869. Loans on stocks and bonds have been reduced to $107,541 from $277,055 and security holdings are down to $357,153 from $526,652. Included among securities in capital account are Dominion of Canada bonds at $75,443, down from $227,142; Canadian municipal securities at $133,479; other bonds and debentures at $142,405. Stocks held are carried at $574,971 as compared with $763,824 in 1931. Advances to estates, trusts and agencies are shown at $164,683 while cash is up to $435,617 from $252,270. Reserve fund remains at $3,000,000.

Earnings of the company since 1928 have been as follows:

Year	Paid-up capital $	Net profits* $	Div. rate %	Rate earned %
1928	3,000,000	451,439	12+1	15.04
1929	3,000,000	542,482	12+2	18.08
1930	3,000,000	533,549	14	17.78
1931	3,000,000	449,892	14	15.00
1932	3,000,000	381,838	12½	12.72

*After deducting cost of management, directors' and auditor's fees, contingencies, and provision for taxes.

TORONTO GENERAL SHARES EARNED $11.40 IN 1932

Mortgage Investments Decline — Bonds Written Down to Market Value

Toronto General Trusts Corp. earned $11.40 per share in 1932, after provision for taxes as against $13.28 per share in 1931. Earnings dropped to $396,872 from $468,507 while provision for Federal, provincial and business taxes was down to $55,000 from $70,000. Dividends totalled 10½ per cent and amounted to $315,000 and $25,000 was written off office and vault equipment. The reserve fund was reduced to $3,000,000 by transfer of $750,000 to investment reserve and the value of all bonds and stocks was written down to market value at December 31, 1932.

Funds in guaranteed trusts account increased to $24,214,608 from $24,006,578. Of the 1932 total, funds held under guaranteed investment certificates increased to $18,045,874 from $17,803,718 and funds on deposit were down to $6,168,734 from $6,202,861. Holdings of Government bonds, municipal debentures and cash in the guaranteed trusts account amounted to 125 per cent of deposits. Estates and agencies under administration by the company have assets of $193,623,941.

In capital account, the company has assets of $6,208,499, of which $1,063,625 is in mortgages. In 1931 mortgages were carried at $1,846,298. Real estate held for sale is up to $846,665 from $629,710, agreements for sale are down to $733,114 from $868,954 but conditional agreements of sale are up to $664,631 from $584,951. Cash is shown at $260,726; loans on securities at $107,778 and loans or advances to trust estates at $388,507. Premises remain at $2,000,000.

Capital stock outstanding remains at $3,000,000 par value and reserve is also $3,000,000 after transfer of $750,000 to investment reserve. Earnings of the company since 1928 have been as follows:

Earnings Record

Year	Paid-up capital $	Net profits* $	Div. rate %	Rate earned per sh.† %
1928	2,500,000	397,731	12	15.91
1929	3,000,000	470,029	12	15.66
1930	3,000,000	456,230	12	15.21
1931	3,000,000	398,507	12	13.28
1932	3,000,000	341,871	10.50	11.40

*After all management expenses, directors' fees, advertising, rents, income tax reserve, and all other charges or contingencies.

†Before appropriations for premises and equipment.

GUARANTY TRUST EARNINGS ARE UP

Windsor Company Increased Assets in 1932 — Earned 15.2 p.c. on Capital

Net income of Guaranty Trust Co., Windsor, Ont., was increased to $18,219 in 1932 from $16,110 shown in 1931 before provision for taxes which were up to $2,521 from $2,149 and depreciation on equipment which dropped to $1,003 from $4,125. After these deductions, the company earned 15.2 per cent on paid-up capital of $102,854 as compared with 13.5 per cent in 1931. Dividends of 8 per cent were paid on capital stock as compared with 7 per cent in 1931 and reserve fund was increased by $5,000. Surplus was increased to $2,091 from $445.

Assets in guaranteed trust account increased to $255,216 from $213,314 while estates, trusts and agencies under administration were up to $2,910,386 from $844,541. In capital account assets are shown at $177,754 of which $150,899 is in first mortgages. There is outstanding 5,000 shares of $100 par value on which there has been paid $102,854. Reserve fund now stands at $45,000.

Earnings for the past five years have been as follows:

Earnings Record

Year	Paid-up Capital $	Net Profits* $	Div. Rate %	Rate Earned Per sh. %
1928	102,732	9,947	..	9.7
1929	102,732	12,059	5	11.7
1930	102,732	16,975	7	16.5
1931	102,857	13,960	7	13.5
1932	102,854	15,698	8	15.2

*After deducting provision for taxes.

Australian Inflation Is Found Undesirable

Resulted From Extreme and Reckless Administration—Aids Primary Producers Temporarily at Great Expense to Country

Advocates of inflation in Canada quote continuously the higher prices received for wool, mutton and wheat on Australian sheep stations and farms in depreciated Australian currency. They advocate lowering of interest in Canada on all internal debt, including mortgages, because that also has been done in Australia. They refer to recent improvement in the Australian situation but do not mention that in Australia the state of Australian exchange is regarded as temporary and undesirable. One commentator in Australia refers to the demoralization of exchange as "forced because of the severe damage resulting from extreme and reckless administration." Also attempts at further reduction of mortgage interest have caused the utmost concern among responsible citizens of Australia who foresee a drying up of mortgage money as a result of such unfair and confiscatory proposals.

Reduces Taxes, Cut Costs

In a review of the Australian situation, dated November 15, 1932, H. Byron Moore, Day & Journeaux, stock and sharebrokers of Melbourne state that the United Australia party in federal politics is doing what has been expected of governments for several years, that is, taking definite steps to reduce the extravagant cost of political machinery and taking financial steps which will assure budgetary figures for the financial year ending in June, 1933, showing a satisfactory surplus. Announcement indicate that the Federal land tax will be reduced over one-third and the Land Tax Act amended to give relief where loss has been caused by the fall in the price of primary products.

Details of revenue and expenditure of the Commonwealth for the first four months of the current financial year show as a result a surplus of revenue over expenditure of £2,707,000, compared with a deficit of £717,000 for the corresponding period in 1931-32. Further taxation remissions and sales tax exemptions are expected by the compilers of this review.

Economy is "Premiers' Plan"

A review of events of the last 18 months indicates that there have been other factors than inflation in the improvement of Australia. The prime minister and all the state premiers, with the advice and assistance of financial and economic experts, evolved a plan which was adopted at a conference of the representatives of the Commonwealth and all the states. This plan called the "Premiers' Plan," provided for reductions in civil servants' salaries, rigid economies in government expenditure, reductions in maternity allowances and a steeper scale of taxation on large incomes as well as an increase in sales tax and primage duties. The plan also provided for a reduction of 22½ per cent in interest rates on the whole of Australia's internal debt. Bondholders agreed almost unanimously to this.

Fight "Calamity" Proposals

Interest rates on mortgages, public body, and savings bank loans were also similarly reduced while bank overdraft and deposit rates have since been reduced in successive steps. There is strong objection, however, to the plan of the Victorian Country party to obtain additional concessions to those already provided in the Financial Emergency Act. The ministry pleads that any, attempt to interfere further with the rights of mortgagees must obviously bring very serious reaction, not only to primary producers, but also to many other individuals to whom loans on mortgages are of vital importance. The effect of the legislation would obviously result in a drying up of mortgage funds, and the principal lenders would have little difficulty in diverting their funds to other avenues of investment. Should this happen mortgagors generally would be placed in an unenviable and calamitous position.

"There is no justification whatever in the proposals of the Country party to reduce the rates of interest on mortgages renewed after October 1, 1931, says the review. "These contracts were entered into by both mortgagor and mortgagee with a full knowledge that the provisions of the Financial Emergency Act would not apply and there is neither justice nor moral meaning in the attempt by legislative means to interfere with the rights of mortgagees. Such interference is alien to the spirit of the community, and to the ordinary conception of fair dealings."

State Budgets Off Balance

Most of the state governments are still off budget equilibrium and it will be some time before all budgets are balanced. The damage resulting from extreme and reckless administration has been very severe and it will take a considerable time to completely remove the wreckage which has been left in the trail, says the review.

Exchange telegraphic rates quoted in this review were £125 in Australian money for £100 sterling. The primary producers were depending upon a continuation of this high rate until the bulk of the season's wool clip and wheat harvest was disposed of. They feel that Australian's economic recovery depends upon a rise in the price of her principal exportable products, and until this takes place they urge that it would not be wise to attempt to bring the Australian price level to a parity with world prices. Cost of production in Australia has been progressively reduced over the past few years, but it is still "considerably in excess of that in other countries."

How Depreciation Hurts

It is pointed out in the review that the exchange rate has been one of the factors responsible for heavy government deficits in the last two years, and that this must continue to be a hindrance to the government in reaching budget equilibrium. The cost of the remitting funds abroad to meet interest and sinking fund payments has been very heavy, requiring additional taxation and retarding industrial progress. The main relief can only come when the exchange rate in London falls to par. The warning is given that the question of exchange rates requires almost constant and expert attention to assess accurately the value of the Australian pound in terms of sterling. The Commonwealth Bank Board, which is in charge of this matter, is regarded as the most capable organization available.

The Federal Loan Council requested the Commonwealth Government to raise £2,250,000 to provide assistance for growers this season so that the depreciation of the Australian pound has not been for them the panacea claimed especially as the differential has to disappear somehow before export and import trade can be considered on a sound footing.

Newsprint Output in 1932 Drops Back to 1925 Level

From Our Own Correspondent

MONTREAL.—Production of newsprint paper in North America recorded an average annual gain of 37,148 tons over the last 10 years, output in 1923 aggregating 2,827,484 tons as compared with 3,198,622 tons in 1932, according to an analysis made by Newsprint Service Bureau, New York. Production last year was lower than in any year since 1925 and only exceeded the latter by some 37,000 tons.

Canada's record shows an increase in production during the decade from 1,266,232 tons to 1,907,566 tons, or an average increment of 64,133 tons each year. American mills did not do so well, output dropping from 1,485,000 tons in 1923 to 1,006,569 tons in 1932, a decline of 47,843 tons annually. Newfoundland's showing was relatively the best, production advancing more than fourfold, or from 63,906 to 271,804 tons, an average gain of 20,789 tons yearly during the decade. Mexico's production in the past year was much the same as it was ten years ago.

Particulars of production in the four areas over the past ten years follow:

	Canada	United States	Newfoundland	Mexico	Total
1932	1,907,566	1,006,569	271,804	12,683	3,198,622
1931	2,221,454	1,157,436	294,983	15,195	3,689,068
1930	2,504,147	1,282,372	287,259	14,286	4,088,064
1929	2,728,827	1,392,276	255,501	18,680	4,395,284
1928	2,381,102	1,417,572	230,745	16,981	4,046,400
1927	2,086,949	1,485,495	202,852	14,137	3,789,433
1926	1,881,737	1,684,218	186,471	13,412	3,765,838
1925	1,522,217	1,530,318	96,588	12,681	3,161,804
1924	1,352,994	1,481,425	64,648	11,500	2,910,517
1923	1,266,232	1,485,000	63,906	12,000	2,827,138

Newsprint Sales Less Majority of Markets

From Our Own Correspondent

MONTREAL.—Exports of newsprint from Canada during the first 11 months of 1932 totalled 1,644,770 tons compared with 1,846,402 tons for the corresponding period of 1931, according to returns compiled by the Canadian Pulp and Paper Association. Of the 1932 shipments 1,407,446 went to the United States, or almost exactly 200,000 tons less than in the 1931 period.

Shipments to overseas countries in the January-November period last year amounted to 237,324 tons as against 238,890 tons for the corresponding period of 1931. Distribution of this tonnage by markets shows a falling off in demand from the United Kingdom, Cuba, South Africa, Australia and New Zealand. Other countries registered small increases.

Price Bros. Sales Corp. Head Forms Own Firm

From Our Own Correspondent

MONTREAL.—A. C. Price has resigned as president of Price Bros. Sales Corp., market subsidiary of Price Bros and Co. At the same time Charles W. Nickenig has resigned from the sales organization.

A newsprint selling organization wtih headquarters in New York will be headed by these men. It is understood that American sales of the E. B Eddy and Co. will be handled through the newly formed company.

Successors to Mr. Price and Mr. Nickenig have not yet been appointed. It is understood that Price Bros. & Co. sales activities will undergo a thorough overhauling.

Quebec Butter Production Gains

An interim report of the Quebec Department of Agriculture shows an increase in butter production throughout the province of 17.2 per cent for the first ten months of 1932 as compared with the same period of 1931, while cheese production decreased 6.3 per cent.

Grape Growers Association Claims $40 Price Arranged Came from Wineries First

Doubts Bootlegging Has Reached Proportions Mentioned in Post

PROFIT SHOWN

Thinks Companies Should Make Profit at Last Year's Prices — Price Regulates Production

Grape Growers' Association, with headquarters at St. Catharines, writes over the signature of its president, John Crysler, a protest against a recent article in The Financial Post stating that $40 a ton paid by large wineries for grapes was a handicap to future prospects in view of the fact that the remainder of the excessive crop sold for $15 a ton and less. The Financial Post understanding was that this startling difference in price paid to the same grower by the same winery for the same kind of grapes according to whether he intended to make wine or grape juice was because of pressure of some kind from the Liquor Control Board of Ontario. In discussions with people touching the industry at various points such influence was taken for granted and was mentioned repeatedly as though it were a fact well understood by both growers and wine-makers.

Discussed by Executive

The letter of protest reads as follows:

"Our attention has been drawn to an article dealing with Winery dividends and alleged handicaps, which appears on the front page of your issue of January 7th.

"The Executive of the Grape Growers Association (the official association representing the majority of grape growers in the Niagara Peninsula and embracing 13 local associations at various points from the Niagara River to the City of Hamilton) met at their Annual Meeting in St. Catharines on Saturday last and discussed at length the article referred to above.

"May we deal with two items we object to as they appear in your article.

First 'That it (the Winery) was obliged along with other manufacturers to pay $40.00 a ton for grapes while grapes for other purposes sold at about $15.00 per ton and even less."

Much Home-Made Wine

"In reply may we state that the Wineries standardized price of $40.00 now objected to was suggested by the 'Big Four' Wineries through their Secretary Mr. Hardy. This figure came to us as a definite offer and was accepted by our Association and eventually adopted by all Wineries as a fair price for grapes for winery requirements during last season. We repeat the price of $40.00 was a figure decided upon by the wineries and not our association, although we later agreed to accept their offer.

Second 'Large quantities of native wine is being made by growers themselves under uninspected conditions and wine thus obtained is being bootlegged throughout Ontario at very low prices and nothing is being done about it by the Liquor Board because it originates with growers.'

"This statement even though it is amusing in its incorrectness is infinitely unfair and not by any means founded on facts. At all times since grapes were produced commercially in the Peninsula a great many growers have always made sufficient home-made wine for their own private use, and no doubt will continue to do so while they are financially unable to purchase commercial wines, such inability to buy being due no doubt to the extremely low prices that all fruit growers have obtained for their products for several years. The privilege or right of a grape grower to make wine for consumption by his own family has, as far as we know, never been challenged, and it seems to us that if home-made wine should be disposed of as suggested in this article the offenders would become liable to penalties imposed by Section 201 of the Excise Act (R. S. 1927).

Liquor Board Stabilizes Price

"It is generally conceded that wine manufacturers permit their wine to mature for two years before being offered for sale and it is interesting to note that the winery referred to was able to pay a dividend of 10 cents a share during the present season when they are marketing wine produced from grapes bought two years ago at an average of possibly $65.00 per ton.

"We contend that if they are able to show a profit on their grapes bought at $65.00 per ton, that with a fair stabilized price always offered by the Liquor Control Board, they should be in a position to show a considerably increased profit on their wines of last year's vintage, manufactured at much lower costs. We trust that these statements may help to correct the imagined grievances referred to in your report, and we hope that this letter may be given the same prominence and publicity as was given to the article which has caused so much dissatisfaction among the grape growers of the Niagara Peninsula."

Informing Shareholders

The Financial Post is glad to place the view of these growers in a prominent position. The statements complained of were made in good faith for the benefit of shareholders in Canadian Wineries common stock who have seen their dividends drop steadily from 95 cents a share in 1929 to 21 cents a share in the year ended April 30, 1932. These shareholders and the growers selling to it must all have a common interest in the end in the company being a success and The Financial Post was simply pointing out a situation that has to be faced eventually if the facts are correct, as given, that foreign wine-makers are paying less than one-third of this price for grapes and that the total grape crop is 2½ times winery requirements.

Price is Regulator

Canadian Wineries happens to be the only wine company with its shares listed and this explains why the situation of the wine industry and the large surplus of grapes available in the last season have been discussed in reference to the investment news made available by that company. Admittedly it will be a very good thing for Canada and the world at large when agricultural prices revive but the chief cause of those low prices, it is now commonly agreed, has been the attempt successively with sugar, rubber, coffee, cotton, wheat to maintain prices arbitrarily, thus encouraging production beyond all possible bounds of control. The only thing which can curb overproduction is to have a price determined by supply and demand and therefore any deviation from that principle becomes investment news.

The Ontario Liquor Control Board is not the only board in Canada and if those other markets are to be held the wineries must be able to compete. If there comes about a shortage of grapes growers would probably agree that there should not be any outside pressure to force farmers to accept $65 or even $85 a ton. Though wineries might then want such a limited price, in the end the higher price would help them more by stimulating production.

Eddy Secure Big Cleveland Contract

From Our Own Correspondent

MONTREAL.—After being on half time operations for the past two years, E. B. Eddy Co.'s newsprint mill at Hull is starting on full-time operations at the end of this month following receipt of several orders from the United States.

It is understood that the business accruing to the company is that of a Cleveland publisher, whose needs amounting to about 15,000 tons yearly had been formerly supplied by Price Bros. & Co. As the capacity of the Eddy plant is in the neighborhood of 30,000 tons yearly, this recent contract will account for one-half of the company's total newsprint production.

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Assets exceed $70,000,000

101st ANNUAL REPORT OF The Bank of Nova Scotia

CAPITAL PAID UP - - $12,000,000
RESERVE FUND - - - $24,000,000

PROFIT AND LOSS

Balance December 31st, 1931	$ 559,633.27
Net Profits for year, losses by Bad Debts estimated and provided for	2,303,434.77
	$2,863,068.04
Dividends Nos. 249 and 250 at 16% per annum	960,000.00
Dividends Nos. 251 and 252 at 14% per annum	840,000.00
Dominion Government Tax on circulation to December 31st, 1932	119,843.30
Contribution to Officers' Pension Fund	115,000.00
Written off Bank Premises Account	250,000.00
Balance carried forward December 31st, 1932	578,224.74
	$2,863,068.04

GENERAL STATEMENT AS AT DECEMBER 31st, 1932

LIABILITIES

Capital Stock paid in		$12,000,000.00	
Reserve Fund		24,000,000.00	
Balance of Profits, as per Profit and Loss Account		578,224.74	
Dividends declared and unpaid		424,738.00	
			$37,002,962.74
Notes of the Bank in circulation		11,079,008.08	
Deposits not bearing interest	$ 27,969,913.69		
Deposits bearing interest, including interest accrued to date	175,159,661.35	203,129,575.04	
Advances under the Finance Act		3,214,000.00	
		217,422,583.12	
Balances due to other Banks in Canada		2,539,257.76	
Balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries		2,609,795.76	
Bills Payable		230,170.91	
			$222,801,807.55
Letters of Credit outstanding			4,834,757.42
Other Liabilities not included in the foregoing			274,589.77
			$264,914,117.48

ASSETS

Current Coin	$ 9,829,480.10
Dominion Notes	19,656,293.50
United States and other foreign currencies	1,382,316.75
Notes of other Banks	1,013,389.05
Cheques on other Banks	6,770,172.08
Balances due by Banks and Banking Correspondents elsewhere than in Canada	7,440,109.26
	$46,091,760.74
Deposit in the Central Gold Reserves	1,250,000.00
Dominion and Provincial Government securities, not exceeding market value	46,808,773.34
Canadian municipal securities and British, Foreign and Colonial public securities other than Canadian, not exceeding market value	20,355,282.75
Railway and other bonds, debentures and stocks, not exceeding market value	8,024,924.90
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	13,057,297.98
Call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures and bonds and other securities of a sufficient marketable value to cover	2,187,753.82
	$137,775,793.53
Other current loans and discounts in Canada (less rebate of interest) after making full provision for all bad and doubtful debts	96,522,894.72
Other current loans and discounts elsewhere than in Canada (less rebate of interest) after making full provision for all bad and doubtful debts	13,639,883.30
Liabilities of Customers under Letters of Credit, as per contra	4,834,757.42
Non-current loans, estimated loss provided for	686,051.03
Bank Premises at not more than cost, less amounts written off	7,983,801.79
Shares of and Loans to Controlled Companies	2,689,032.03
Deposit with the Minister of Finance for the purposes of the circulation fund	568,910.34
Other assets not included in the foregoing	212,993.32
	$264,914,117.48

S. J. MOORE, PRESIDENT. J. A. McLEOD, GENERAL MANAGER.

Auditors' Report to the Shareholders:
We have examined the above General Statement of Liabilities and Assets as at December 31st, 1932, and compared it with the books at the Chief Office and with the certified returns from the Branches. The Bank's investments and cash on hand at the Chief Office and at the Toronto and Montreal Branches were confirmed by us at the close of business on December 31st, 1932. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.
We report that in our opinion the above statement discloses the true condition of the Bank and is as shown by the books of the Bank.

D. McK. McCLELLAND, F.C.A., of Price, Waterhouse & Co.
A. B. SHEPHERD, C.A., of Peat, Marwick, Mitchell & Co.
} Auditors

TORONTO, CANADA, 16th January, 1933.

Utilities and Transportation

QUEBEC POWER CUTS DIVIDEND $1 YEARLY BASIS

Bad Debts and Losses on Trams Are Reasons for Action

From Our Own Correspondent

Montreal.—Quebec Power Co., controlled by Shawinigan Water & Power Co. has reduced the dividend rate on its common shares from $1.50 to $1 a share yearly. In making the official announcement it was said that this action seemed necessary to the directors in order to provide sufficient reserves to wipe off some bad accounts which had accumulated during the year and also to make adequate provision for the losses in the tramways and railway operation.

Particulars of income for last year will not be available until the annual meeting next month. An interim statement issued by the company shows that in the nine months ended September 30, 1932, net operating revenues totalled $1,158,251. From this was deducted fixed charges of $441,231, leaving a surplus of $717,020 available for depreciation, income tax and dividends on the common stock.

Lower Earnings in 1932

It is unlikely that income for the full year will be much in excess of $1,100,000. Deducting from this the usual depreciation reserve of $150,000, there would remain a balance for dividends and income tax of $950,000. From this figure would be debited write-off on account of bad debts.

On the basis of dividends declared for 1932, disbursements by the company on its common stock totalled $763,413. This compares with $1,313,845 in the previous year.

Cuts Shawinigan Income

With holdings of approximately 54 per cent of Quebec Power's stock, Shawinigan is closely concerned with changes in dividend policies. Of the estimated $763,413 disbursements on dividends last year, Shawinigan received $412,243. If the new rate of $1 is maintained throughout 1933, Shawinigan will receive from Quebec Power in the way of dividends about $298,726, or $113,517 less than in 1932.

The marked drop in Quebec Power's income over the past twelve months is also attributed to the lowering of rates. Following upon strong agitation in the city council and elsewhere for lower charges, the company made liberal concessions. The drop in rates has not been offset by an increase in consumption of electric energy so that income of the company has been adversely affected.

Southern Canada Power Net Lower in December

From Our Own Correspondent

MONTREAL.—Net earnings of Southern Canada Power Co. during the past month were on a slightly lower basis than in the same month of 1931. Gross revenue in December 1932 totalled $190,290, from which was deducted operating expenses of $61,385, leaving a net income of $128,905. For December 1932 gross income totalled $205,444, operating expenses $74,803, and net revenue $130,641.

Cumulative returns show that for the first quarter of the current year ended December, gross revenue amounted to $567,833, or $32,740 less than for the same quarter of the previous year. Operating expenses were cut $40,703 to $187,461, leaving net income for the past quarter at $380,372, or $7,963 more than in the first quarter of the 1931-32 fiscal year.

The Rising Tide of Gold Production

CANADA's gold production in 1932 was the largest in the history of the Dominion. exceeding $63,000,000 in value. Eighty-five per cent of this was produced by mines in Northern Ontario and Quebec, which territory is served by Canada Northern Power Corporation. An adequate supply of power is essential to mineral production.

We recommend:

CANADA NORTHERN POWER CORPORATION

5% Bonds, due 1953

Priced to yield about 6.65%

Full particulars upon request

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Duff Commission Against Canal Tolls

Railways Have Always Faced Waterways Competition and Probably Always Will and Have Adjusted Themselves to It, is Argument

By F. S. C.

The Royal Commission on Railways and Transportation in Canada, commonly known as the Duff Commission, outlined many of the causes of the present railway problem in Canada. One of these was deemed by them to be competition from other forms of transport, notably road transport.

In his address in Toronto last week, E. W. Beatty, chairman and president of the Canadian Pacific Railway, declared that insurance against railway transportation monopoly was afforded to Canada, even in the event of a railway merger, through the existence of three distinct and growing competitors of railways; the lakes and rivers, the motor vehicles and the airplane. He asserted that a rail monopoly, regulated by public authority and subject to the restraints that other forms of transportation competition would provide, did not under modern conditions contain any element of menace or danger of unfairness to the shippers or travelling public.

Air and Water Competition for Rails

Already in this series of articles on the Duff Report, reference has been made to the competition provided the passenger departments of the railways by the motor coach and the privately-owned motor vehicle and to the competition provided their freight departments by highway transport in Canada.

The series should not be concluded without reference to the two additional forms of competition mentioned both by the Duff Commission and by Mr. Beatty—air transportation and water transportation.

At the present time, it can hardly be said that the status of aviation in Canada is advanced to the point where the airplane is a very real competitor of the existing railways either in the carriage of passengers or in the carriage of freight. In this country, the airplane has found its chief service in pioneering the frontiers where railways would not be commercially feasible. The airplane is already accepted as a normal means of transport throughout very large areas in Northern Canada, and it has rendered possible travel to the farthest limits of the Dominion with speed and comparative safety and without the large capital expenditures which are inseparable from roads and railways.

The Duff Commission recommended the Dominion Government to keep closely in touch with developments that were taking place and would take place to an increasing extent in the field of aviation and they commended the policy of the two railways in investing money in the largest aviation undertakings in the Dominion as this might well prove to be the foundation of a proper co-ordination between the two agencies of transport.

Canals Built at Public Expense

The commission had much more to say about canals. Discussing the inland waterways of Canada, the Duff Commission pointed out that for eight months of the year the facilities of the railways of Canada are duplicated to approximately one-third of their length by a system of inland water transportation, which has been developed by the Government at great cost and which furnishes to shippers of long haul, bulk commodities, a service at rates with which the railways are unable to compete.

During the past summer, for instance, there was a time when some boats were carrying grain from Fort William to Montreal for 3½ cents a bushel, although the standard rate was later fixed at 7 cents and accepted by both shippers and carriers. No railway could match these costs. During the summer, the railways carried grain from the Georgian Bay ports to Halifax and Saint John at 6 cents a bushel. The rate was purely competitive and when the season of navigation ended the rate went up to 9 cents a bushel. The canals keep down railway rates in many areas and they keep them down on many commodities to such a point that during the open season of navigation, the railways simply do not get any business at all and on certain commodities what they get they must accept at a loss.

This Competition Will Continue

The railways will, in any event, merger or no merger, continue to suffer the competition of water transportation on the world's greatest inland water route, that from the Head of the Lakes to the Gulf of St. Lawrence, and this competition will always be a factor in setting rates for long-haul freight. The Duff Commission did not seem to feel that the water competition was as serious a matter in regard to package freight as time is an element in package freight movement and the railways, according to the commissioners, should be able to hold a large share of this movement against the slower competitor. It may be pointed out that the figures of merchandise traffic carried on Canadian canals in 1932 would not bear out entirely this conclusion, as a large increase in merchandise handlings through the canals was shown.

The Duff Commission seemed to feel that railway transportation had adjusted itself to the movement of grain in bulk commodities along the great inland waterways. They believed that if the producers of Western Canada were to continue in the business of grain for export that the great bulk of grain and other heavy commodity traffic between East and West must continue to use the inland waterways.

In brief, what the Commission said was the railways had always had this water-borne competition, that they knew exactly what they were up against, that they had adjusted themselves to it, that they always would have it and that, therefore, water-borne competition was not to be regarded as an important factor in bringing about the railway problem.

Glossed Over Factor of Tolls Freedom

We have had our canals in Canada for so long that we take them for granted and the public generally does not regard them as a factor in the present railway problem. The Duff Commission certainly did not get to the heart of the problem at all. One may wonder if they were fair in dismissing as of little importance to the railways the expenditure of large sums of public money on such waterways as the new Welland Canal and the projected deepening of the St. Lawrence. As a large taxpayer, the one large privately-owned railway in the country certainly will be called upon to pay a very large share of the cost of these enterprises which will merely serve to intensify competition and keep rates low.

The Duff Commission did not approve of the idea of charging tolls on the waterways. In this connection it said:

> "While on first consideration it might appear that the construction of canals which are free of all tolls to water carriers is in effect a form of state subsidy to a rival transport agency, yet in so far at least as bulk traffic in grain and heavy commodities is concerned, complaint is not made by the railways on this score. The imposition of tolls would not help and would probably hinder the railways as tending to discourage production. The Canadian Pacific Railway has now, and for many years has had, its own lake boats engaged in the carriage of passengers and package freight, and the Canadian National Railway has a working arrangement for the same purpose with one of the largest of the lakes shipping companies."

There is a great body of opinion in Canada that differs with this conclusion of the Duff Commissioners and which feels that rival transport agencies subsidized by the state should be put on a more even footing with the railways by being asked to pay their way through the imposition of tolls.

This is the tenth of a series of articles discussing various features of the report of the Royal Commission on railways and transportation in Canada. The series will conclude in an early issue.

INDUSTRIAL ACCEPTANCE CORPORATION Limited
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Halifax Shipyards Ltd. Complete Big Contract

From Our Own Correspondent

MONTREAL. — Reconstruction of the Canadian National S. S. Prince David has been completed by the Halifax Shipyards, Ltd., subsidiary of Dominion Steel and Coal Corp. The repair job on the Prince David is claimed to be the largest of its kind ever undertaken by any Canadian plant and was accomplished in six months. The contract price was $422,500 and some 350 men were employed during the period.

Halifax Shipyards secured the contract in competition with firms in Canada, Great Britain and the United States, its tender being the lowest.

Building New Oil Refinery

The Hi-Way Oil Company of British Columbia, Limited, will establish an oil refinery at South Westminster, across the Fraser river from New Westminster, to cost approximately $100,000. Oil supplies will be piped from the dock to the plant. The refinery is expected to be completed and in operation about the middle of February and from 15 to 20 men will be employed.

Public Utility Earnings

Southern Canada Power	1932	1931
December:		
Gross income	$190,290	$205,444
Expenses	61,385	74,803
Net revenue	128,905	130,641
Three Months:		
Gross income	567,833	600,573
Expenses	187,461	228,164
Net revenue	380,372	372,409

CANADIAN GROUP CLAIM INSOLVENCY ASSOCIATED TEL.

Holding Company Has Large Stake in Telephone Industry

From Our Own Correspondent

MONTREAL.—Involuntary bankruptcy proceedings have been instituted in the Chicago courts against the Associated Telephone and Telegraph Co., an $80,000,000 holding organization with interests in the United States, Canada, South America, New Zealand and Australia. The petitioners were Stevens, Baker Co., Pender Loan and Investment Co., and the Anglo-Canadian Investment Co., all of Vancouver.

The Canadian companies hold debentures of the holding company and charged that Associated Telephone is insolvent.

Says Company Solvent

In replying to this charge, E. C. Blomeyer, president, declared that the company was solvent. In his statement Blomeyer said the company had been advised of the action previously on the ground that "certain Vancouver shareholders objected to a sale of property by the parent company to one of its own subsidiaries." He further declared a deal by which it had been said the matter could be settled had been turned down.

Associated Telephone's principal holding in Canada is the British Columbia Telephone Co. At one time it also had a substantial stock interest in other Canadian telephone concerns, but it is understood that interest in the Dominion is now almost entirely confined to the coast telephone system.

BELL TELEPHONE SEEKS TO CREATE NEW BOND ISSUE

Proceeds of Issue Will Likely be Used to Consolidate Floating Debt

From Our Own Correspondent

MONTREAL. — Bell Telephone Co. of Canada shareholders will be asked to approve the authorization of a by-law authorizing the directors to create and issue from time to time, bonds, debentures or debenture stock to an aggregate principal amount of $30,000,000.

Details of the proposed by-law will not be available until the annual meeting, but it is understood that the issue will provide for the payment of interest and principal in Canadian funds only. Further, proceeds of the issue may be used for the purpose of consolidating the company's floating debt.

Has Large Loans

The last balance sheet of the company, as at December 31, 1931, showed that the Bell Telephone Co. had authorized $67,000,000 of bonds, all of which had been issued. Among the liabilities, however were special loans from the American Telegraph and Telephone Co. in American funds, totalling $9,075,000. It is to be expected that in the event of further financing, the company will use part of the proceeds to pay off the loans to the American company.

As far as can be gathered there is no immediate intention of offering the proposed issue to the public. It is possible that when the bonds are authorized, a block may be put up as collateral with the A. T. and T. This would clean up the current liabilities position of the company, until such time as the market permits of permanent financing.

SALE OF PROPERTY TRINIDAD ELECTRIC IS NOW UNDER WAY

Port-of-Spain Exercises Rights to Acquire System

From Our Own Correspondent

MONTREAL. — Port-of-Spain, Trinidad, has exercised its right to take over the property and undertaking of the Trinidad Electric Co., and it is expected that within the course off the next few months a price will be agreed upon and the proceeds of the sale distributed to shareholders.

Trinidad Electric Co. has been in operation since 1869. It was financed and is still controlled by Nova Scotian interests. It operates the tramway system and supplies light to the city of Port-of-Spain.

City Takes Action

Its franchise expired in March, 1931, but was renewed for a further term of 20 years. Under the ordinance, however, the city had the right in the event of such renewal to purchase the undertaking. The city has notified the company that it intends taking over the property. It only remains for the purchase price to be agreed upon, after which, steps will be taken to distribute the assets among the bondholders.

The last available balance sheet. dated December 31, 1930, showed total assets of $2,982,360, of which property and plants totalled $2,227,087. Current assets amounted to $543,102 and current liabilities to $68,531. In addition there were investments of $212,171.

In 1901 the company brought out an issue of $720,000 of 5 per cent debenture bonds. This issue matured on June 1, 1931, the bonds redeemed and the mortgage released. There are a few bonds still outstanding which have not been presented for payment, but the trustee holds the money for the payment of these bonds whenever they are presented.

Shawinigan Feels Subsidiary's Action

MONTREAL.—Change in Quebec Power Co.'s dividend policy on its common stock will restrict Shawinigan Water and Power Co.'s income from that source by over $100,000 during 1933.

Quebec Power cut its rate from $1.50 to $1 annually. During the past year it paid $1.38 a share, which would return $412,243 to Shawinigan on the basis of holding 54 per cent of Quebec Power's common stock. If the new rate is maintained throughout the current year, Shawinigan will receive in dividends $298,726, or a drop of $113,517 compared with returns for 1932.

Studebaker, Plymouth Make Best Showing In East Canada Sales

Plymouth Only Car to Gain Over 1932 Sales Total —Chevrolet Best Individual Seller—Total Sales Off 38 Per Cent in 1932

In a year of declining sales Plymouth stands out as the only car among the leading makes to record an increase in Eastern Canada, according to an analysis made by The Financial Post of a compilation of Might Directories published in Canadian Automotive Trade. De Soto ranks second in this regard with a decrease of only 8.4 per cent, followed by Buick 34.6, Chevrolet 37.8 and Ford 38.3.

Studebaker Corporation is the only manufacturer to show increased volume compared with 1931, introduction of the Rockne being responsible for a 15 per cent gain. All other manufacturers are well below their 1931 volume.

Chevrolet leads all other makes in sales for the second consecutive year, closely pressed as usual by Ford. General Motors have three cars in the first ten and Chrysler Corp. have four. General Motors leads the manufacturers in total sales, followed by Ford Motor Co. and Chrysler Corp. in that order.

Total Sales

Total sales for the year in the Eastern Provinces amounted to 34,596 compared with 55,689 in 1931, a decrease of 38 per cent. Chevrolet and Ford share almost equally more than half of the market, Chevrolet having a slight lead for the second consecutive year with 8,890 compared to 8,721. Two other makes, Plymouth and Pontiac, generally considered in the low price field, follow in that order while fifth place is occupied by one of Canada's oldest automobiles, the McLaughlin-Buick, representing the field between the low price and the luxury classes.

General Motors has a long lead in sales, analyzed by manufacturers, the total for seven lines, six of which are active, being 13,640 in 1932. Ten Lincoln's which were sold in Canada in 1932 is all that is added to the total for the Ford Motor Co. but it's 8,731 cars places it in second place. Chrysler Corporation sales of 5,479 cars of four types, all of which are in the leading ten, completes the "big three." Dominion Motors, Hudson-Essex, Studebaker and Willys-Overland follow in that order, all being well behind the leaders.

The following tables show first, sales of the ten leading makes compared for the past two years, and second, sales of the seven largest Canadian manufacturers:

Leading Makes in 1932 (Sales of Passenger Cars in 4 Eastern Provinces)

	1932	1931	% Decr. or Incr.
Chevrolet	8,890	14,273	—37.8
Ford	8,721	14,121	—38.3
Plymouth	2,587	2,572	+ 0.6
Pontiac	1,952	4,046	—51.8
Buick	1,951	2,983	—34.6
Essex	1,122	1,877	—40.0
Chrysler	1,038	2,038	—48.9
Durant	960	1,821	—47.3
Dodge	927	1,560	—40.6
De Soto	927	1,011	— 8.4

Leading Manufacturers in 1932 (By Passenger Car Sales in 4 Eastern Provinces)

	1932	1931	% Decr. or Incr.
General Motors	13,640	*23,249	—41.3
Ford Motor Co.	8,731	14,138	—38.3
Chrysler Motors	5,479	7,176	—23.8
Dominion Motors	1,704	2,129	—20.0
Hudson-Essex	1,391	2,516	—44.7
Studebaker†‡	1,389	1,209	+14.9
Willys Overland	1,086	1,860	—41.6

*Does not include Marquette.
†Rockne new in 1932.
‡Does not include Pierce Arrow.

Studebaker Leads

Experience of these manufacturers in 1932 compared with 1931 shows Studebaker to be the leader in this regard with 14.9 per cent greater sales volume due to the introduction of the Rockne in 1932. Another manufacturer who introduced a new name to the public in 1932 ranks second in this comparison, Dominion Motors showing a decrease of 20 per cent in number of cars sold. Chrysler holds the lead among those manufacturers whose makes remained the same in 1932, the decrease in this case being 23.8 per cent. Late introduction of the Essex "Terraplane" in 1932 probably accounts for this company's showing with sales off 44.7 per cent in number from 1931.

Nearly 66 per cent of the 1932 sales of 34,596 cars in Ontario, Quebec, Nova Scotia and New Brunswick, were made in Ontario, the analysis reveals, a slightly larger proportion than the 64 per cent recorded in 1931. Quebec sales were comparatively steady at 22 per cent of the total in both years while both Nova Scotia and New Brunswick recorded one per cent smaller percentage of the 1932 total.

Ford Leads Ontario

Sales of most manufacturers are fairly well distributed throughout the provinces with the outstanding exception of Dominion Motors which appears to rely mainly on Ontario, sales in that province accounting for 87 per cent of the total. In individual makes, Ford leads in Ontario while Chevrolet is the leader in the other three provinces.

Only one car which had any sales volume in Canada dropped from the market in 1932, this being the Willys-Overland "Whippet," the model being replaced by a four cylinder Willys. Nash and Oakland almost dropped from the picture, the former by action of the tariff and the latter no longer being produced in Canada. Sales of some cars, such as Marmon, Stutz, Peerless, while never very large in Canada, were practically non-existent in 1932, owing to the fact that they were imported complete from the United States and therefore were greatly increased in price following the additional tariffs.

Sales of all the chief makes of automobiles in the four Eastern provinces for 1932 and 1931 are shown in the following table.

	Ont. 1932	Ont. 1931	Que. 1932	Que. 1931	N. S. 1932	N. S. 1931	N. B. 1932	N. B. 1931	Total 1932	Total 1931
Auburn	87	389	68	274	5	26	1	27	161	716
Cadillac	58	169	43	90	1	3	..	5	102	267
Chevrolet	5,499	9,114	1,942	2,728	898	1,444	551	987	8,890	14,273
Chrysler	587	1,112	357	693	50	121	44	107	1,038	2,038
De Soto	545	636	273	279	65	61	44	35	927	1,011
Dodge	524	826	311	493	42	121	50	119	927	1,560
Durant	854	1,492	80	198	12	67	14	64	960	1,821
Essex	717	1,211	274	324	72	209	59	133	1,122	1,877
Ford	6,128	9,243	1,673	3,095	550	1,035	370	745	8,721	14,121
Frontenac	595	108	53	5	21	2	8	2	677	117
Graham-Paige	285	574	96	263	23	60	28	49	432	886
Hudson	158	389	93	171	14	42	9	37	269	639
Hupmobile	165	252	81	133	41	100	10	27	287	512
La Salle	18	17	11	9	1	3	1	1	31	30
Lincoln	4	2	5	13	..	1	1	1	10	17
McL.-Buick	1,091	1,669	683	970	94	181	83	163	1,951	2,983
Marmon	....	19	2	8	..	..	1	4	3	31
Nash	66	385	49	186	22	157	21	50	158	778
Oakland	3	98	1	8	..	13	6	10	10	124
Oldsmobile	460	1,145	148	194	57	100	39	87	704	1,526
Packard	43	71	43	81	1	9	..	7	87	168
Pierce Arrow	11	21	12	18	..	..	..	..	23	39
Plymouth	1,826	1,651	470	870	193	168	98	83	2,587	2,572
Pontiac	1,284	2,858	420	676	121	257	127	260	1,952	4,046
Reo	38	81	23	78	3	18	3	14	67	191
Rockne	461	..	114	..	38	..	10	..	623	....
Studebaker	562	848	149	218	24	68	31	80	766	1,209
Stutz	2	4	..	..	..	2	..	1	2	7
Willys	565	982	120	201	75	85	67	53	827	1,271
W. Knight	193	195	46	58	7	19	13	26	259	298
All others	11	198	51	185	4	83	4	99	73	*565
	22,775	35,696	7,694	12,259	2,434	4,455	1,693	3,276	34,596	55,689

*The discontinued "Whippet" accounted for 291 of this total.

Ottawa Valley Power Cancel Unissued Shares

From Our Own Correspondent

MONTREAL.—Supplementary letters patent have been issued to Ottawa Valley Power Co. authorizing the company to cancel 50,000 shares of no par value and making the amount of capital with which the company shall carry on business at $250,000.

This block of stock was created under by-law "H," which provided for an increase in the original capital from 50,000 to 100,000 shares.

The authorized and issued capital at present consists of $9,000,000 of mortgage bonds, $3,000,000, of debentures and 50,000 shares of no par value common stock.

Attractive Interest Returns With Highest Security

Notwithstanding the increase in high-grade bond prices during the last three weeks, Canadian government and high-grade municipal bonds may still be purchased at attractive interest returns.

List of Canadian government and high-grade municipal bonds gladly furnished upon request.

Wood, Gundy & Company Limited

Toronto Montreal Winnipeg
Vancouver New York London, Eng.

Saint John Exports Gain

December imports through the Port of Saint John showed a slight increase over the corresponding month last year, while exports were nearly double the tonnage in the previous December, it is announced by the harbor commission. Thus the uptrend noted in the figures for November and October was continued.

BALANCE SHEET OF THE

Toronto Mortgage Company

For the Year Ending 31st December, 1932

ASSETS

Office Premises in Toronto Street, unencumbered		$ 45,000.00
Real estate held for sale		22,489.71
Mortgages at face value, less provision for possible depreciation—		
Principal	$4,289,497.58	
Interest due	7,368.60	
		4,296,866.18
Loans on Stocks		12,500.00
Securities of the Dominion of Canada and its Provinces	248,434.57	
Securities guaranteed by the Dominion of Canada or by its Provinces	55,807.11	
Debentures of Canadian Municipalities	56,905.26	
Other Bonds and Debentures	23,878.25	
		385,025.19
Stocks fully paid up		117,850.00
Cash in Chartered Banks		131,597.91
Cash in Office		2,389.92
Total		$5,013,718.91

LIABILITIES

To the Public			
Debentures Sterling		$1,973,464.31	
Accrued Interest thereon		16,207.48	
Debentures Currency		612,925.69	
Accrued Interest thereon		12,242.62	
Deposits, Savings Accounts		107,595.94	
Reserved for Accrued Taxes, etc.		21,700.00	
			$2,744,136.04
To the Shareholders			
Capital Stock subscribed	$986,500.00		
Capital Stock, fully paid		$ 986,500.00	
Reserve Fund		1,165,002.00	
Unclaimed Dividends		43.50	
Dividend declared and unpaid, due 1st January, 1933		29,595.00	
Profit and Loss Account, Balance carried forward		88,442.37	
			2,269,582.87
Total			$5,013,718.91

PROFIT AND LOSS ACCOUNT

Dr.	
Interest on Sterling Debentures paid and accrued	$ 96,338.82
Interest on Currency Debentures paid and accrued	30,883.12
Interest on Deposits	3,992.49
Charges on Moneys borrowed and lent	9,557.46
Cost of Management, viz.—	
Salaries, Directors' and Auditors' Fees, Office Rent, etc.	27,026.40
Dominion, Provincial and Municipal Taxes	25,119.57
Dividends on Capital Stock at 12%	118,380.00
Balance carried forward	88,442.37
Total	$ 399,740.23
Cr.	
Balance brought forward	$ 78,363.94
Interest on Investments and net rental from Office Premises	321,376.29
Total	$ 399,740.23

W. GILLESPIE, Manager
THOS. H. WOOD, President

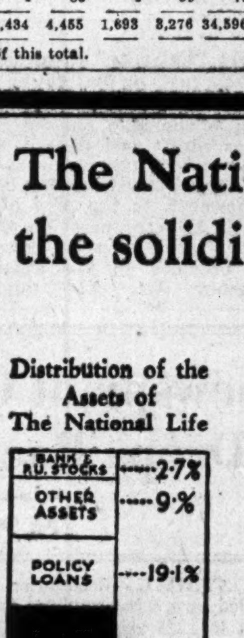
We have audited the Books and Accounts of the Toronto Mortgage Company for the year ending 31st December, 1932, and have verified the cash, bank balances, and Securities of the Company. After due consideration, we have formed an independent opinion as to the position of the Company. In our opinion, so formed, and according to the best of our information and the explanations given to us, we certify that, with the reservations provided, the above statements set forth fairly and truly the state of the affairs of the Company and are in accordance with its books. All transactions of the Company that have come within our notice have been within the powers of the Company.

ARTHUR J. HARDY, H. D. LOCKHART GORDON, F.C.A., Auditors

Toronto, 10th January, 1933.

The National Life *Again* Demonstrates the solidity of their Investment Policy

Distribution of the Assets of The National Life



THE obligation under a Life Insurance Policy is a sacred Trust—if anything in this world is. More than any other investment it protects the most helpless.

Naturally, the prime necessity of such an obligation is that its fulfilment should be secure beyond any possibility of doubt.

The very essence of this obligation is bound up in the investment policy of the National Life Assurance Company of Canada, whose assets (over 69% of which are Government and Municipal Bonds) stand supreme as a paragon of security.

Extracts from 34th Annual Report

Total Net Income during 1932	$ 2,261,267.33
Payments to Policyholders during 1932	1,403,784.25
Total Assets	11,433,390.65
Total Reserves	9,823,365.00
Surplus (including paid-up capital of $250,000) and Investment Reserve	965,052.12
Insurance issued, during 1932	8,539,135.00
Insurance in force, December 31st, 1932	59,094,035.00

Board of Directors:

A. H. BEATON, Esq., *President*

ALBERT A. MACDONALD, M.D., L.R.C.P. & S. (Edin.), *Vice-President and Medical Director*

FREDERICK SPARLING, Esq., *Managing Director*

HON. RODOLPHE LEMIEUX, K.C. HON. E. M. MACDONALD, K.C.

RT. HON. GEO. P. GRAHAM EDWARD W. BICKLE, Esq. COL. A. E. KIRKPATRICK, V.D.

THE NATIONAL LIFE ASSURANCE COMPANY OF CANADA

Head Office Toronto
Branch Offices in Principal Cities

News of Investment Markets

ONTARIO HYDRO GETS $6,000,000, COST IS 4.49 P.C.

Five-Year Bonds Are Sold Rapidly to Institutions—Few Sold to Public

MARKET STRONGER

Rapid Price Advance of Past Week Expected to Bring Out New Financing—B. C. May be Next

Sale of $6,000,000 4½ per cent five year bonds of the Hydro-Electric Power Commission of Ontario was made on January 26 at a cost of 4.49 per cent to the commission and the underwriting syndicate headed by A. E. Ames & Co. placed the entire issue within a short time. Practically all of the bonds were taken by institutions at a price to yield 4.35 per cent but public offering was made at 101 at which price the bonds offered a yield of 4.27 per cent. Proceeds of the issue will be devoted to retirement of bonds of Toronto Power Co. A total of $9,000,000 of the new issue was authorized of which $3,000,000 remains unissued. The bonds carry the guarantee of the province.

The Canadian high-grade bond market has shown marked strength since January 18 with the street bid on Conversion 4½'s, due 1947-57 up from 96.85 to 98¼ and the Dominion 4's of 1947-52 up to 93 from 91.35. Demand, particularly from institutions, is stronger and there is some prospect of an increased activity in the offering of new issues. Success of the Quebec 4½'s of 1963 and the Ontario Hydro issue is expected to bring out more provincial financing with the probability that British Columbia may be the next important borrower to enter the market. The Maritime Provinces are also possibilities and Manitoba must consider refunding of issues maturing in May to the extent of some $4,700,000. The British Columbia 6's of 1947 are currently selling to yield around 6 per cent.

Developments in the past week in the Canadian market have as their highlight the emphatic statement made by Hon. R. B. Bennett in Toronto that Canadian obligations would be met and that there would be no inflation. The address, which was non-political, is taken to have been directed primarily to investors in Canadian securities both in Canada and the United States. Prices of Canadian high-grade bonds moved upward on January 24, the day following the address, continuing the trend of the previous week.

In the United States, Federal issues have been active and there is some evidence of an increased interest in second grade issues.

Corporate Investors Invest Funds in Bonds

An interim statement reporting progress of Corporate Investors Ltd. during the 16 months since the company was incorporated has been forwarded to shareholders. No statement of earnings is given but organization expenses are stated to have been some $1,800 apart from the commission of 4.46 per cent paid on the issue of the founders' shares. First purchases of securities made by the trust were in June, 1932, when investment was confined to Government and municipal bonds. Later corporation bonds were purchased but purchases of stocks are not believed to be warranted as yet.

City & Dominion Co., general distributors of shares of Corporate Investors Ltd., started to develop a sales organization in October, 1932. Sub-agents have been appointed throughout the country.

The investment portfolio of the trust at December 31, 1932, is shown except for the amount invested. Of the 33 securities held by the company, 15 were Government and municipal debentures, eight were bonds of public utilities; eight were bonds of industrial companies and the remaining two were trust company debentures. Future investment policy of the company will have regard to security of funds by diversified investment in high grade Canadian bonds having in view the factors of liquidity and interest yield while a proportion of the company's funds will be invested in common stocks when fundamental conditions improve.

Aluminium "B" Warrants Privileges Have Expired

From Our Own Correspondent

MONTREAL. — Notice has been given by the Montreal Curb Market that owing to the fact the Class "B" common share subscription warrants of Aluminium Ltd. have expired, they were taken from the list.

These warrants provided that the holder could subscribe to common stock of the company at $30 cash. The warrants were issued originally in July, 1928, the "B" warrants expiring October 1, 1931. Extensions were made until the beginning of this year.

Bennett Urges Necessity Of Meeting Obligations

Payments on Canadian Funded Debts Total $684,149,048 in 1933 of Which $266,124,100 is Due in United States Funds; Sterling Payments Only $37,845,768

Stressing the necessity of meeting international obligations in the terms of payment specified in the contract, Hon. R. B. Bennett in a speech delivered before the Board of Trade in Toronto on January 24 summarized the amount of payments that Canadian borrowers will have to make on funded debts during 1933. Total payments were given as $684,149,048 of which $266,124,100 is payable in United States funds, $379,382,280 is payable in Canadian funds and $38,642,668 is payable in sterling.

The following figures, prepared by A. E. Ames & Co., have previously been published in The Financial Post but owing to the wide interest taken in Mr. Bennett's address, and the fact that the prime minister had some of the figures mixed up, the summary of 1933 payments is given again as follows:

PRINCIPAL AND INTEREST DUE ON CANADIAN BONDS IN 1933

	Total Due $	Due in Can. Funds $	Due in U.S. Funds $	Due in Sterling $
Dominion of Canada				
Direct	343,133,808	254,004,236	77,752,044	11,377,528
Guaranteed	47,028,258	4,431,250	30,492,532	12,104,476
Provinces of Canada				
Direct	88,143,846	19,728,805	64,617,753	3,797,288
Guaranteed	12,761,119	3,766,219	5,982,320	3,012,580
Municipalities	113,103,705	82,489,853	25,136,536	5,477,316
Corporations	79,978,312	14,961,917	62,142,915	2,873,480
Total	684,149,048	379,382,280	266,124,100	38,642,668
Principal Maturing				
Dominion of Canada				
Direct	229,971,850	169,971,850	60,000,000	....
Guaranteed	1,500,000	1,500,000	....	....
Provinces of Canada				
Direct	32,589,000	3,332,000	29,257,000	....
Guaranteed	3,453,500	18,500	3,435,000	....
Municipalities	47,649,270	37,463,094	9,389,276	796,900
Corporations	8,182,500	871,000	7,311,500	....
Total	323,346,120	213,156,444	109,392,776	796,900
Interest Coming Due				
Dominion of Canada				
Direct	113,161,958	84,032,386	17,752,044	11,377,528
Guaranteed	45,528,258	2,931,250	30,492,532	12,104,476
Provinces of Canada				
Direct	55,554,846	16,396,805	35,360,753	3,797,288
Guaranteed	9,307,619	3,747,719	2,547,320	3,012,580
Municipalities	65,454,435	45,026,759	15,747,260	4,680,416
Corporations	71,795,812	14,090,917	54,831,415	2,873,480
Total	360,802,928	166,225,836	156,731,324	37,845,768

BELDING PROFITS SHOW INCREASE IN PAST PERIOD

Earns $5.87 a Share on Common After All Charges

From Our Own Correspondent

MONTREAL.—Net earnings of Belding-Corticelli Ltd. in the fiscal year ended November 30, 1932, were $288,126 compared with $267,342 in the previous year. Last year, however, income from investments totalled $17,236, bringing total income up to $305,363.

After provision for sinking fund, depreciation, bond interest and a special reserve of $3,000 for advertising, there remained a net profit of $103,982 compared with $73,914 in the previous year. After preferred dividends there remained a sum equal to $5.87 a share on the common stock, against $1.79 a share in the previous year. Common dividends were maintained at the rate of 7 per cent and there was a deficit of $9.054 last year compared with a defict of $39,123 in the previous period.

Following is a comparison of profit and loss account for the past two fiscal years:

	1931-32 $	1930-31 $
Net earnings	*305,363	267,342
Deduct:		
Deprec.	146,609	141,657
Bond int.	36,980	36,980
Sinking fund	14,790	14,790
Ins. fund	......	......
Reserves	†3,000	......
Net profit	103,982	73,913
Pfd. div.	60,571	60,571
Com. div.	52,465	52,465
Surplus	‡9,054	‡39,123
Prev. surplus	479,540	518,663
Bal. c. f.	470,487	479,540

*Inc. $17,236 int. on invest.
†For special advertising.

Working Capital

	1932 $	1931 $
Current assets	1,057,593	1,112,633
Current liabs.	220,103	235,110
Working capital	837,490	877,523

Decline in working capital is due to elimination of call loans and bonds of the company held for sinking fund which in the previous year totalled $171,813. Other current assets show increases, cash at $72,441 is up $17,000, accounts receivable are higher by $87,000 at $472,589 and inventories are valued at $305,457, a gain of $35,000. Additions made to property account totalled $124,377 in the past year, bringing fixed assets up to $2,575,591. Goodwill and trade marks are still valued at $500,000.

In liabilities, accounts payable are down $13,000 at $153,856. Depreciation reserve is higher by $158,321 at $1,647,458 and employees' insurance and other reserves are down $15,000 at $61,605. Capital structure is unchanged. During the year there were redeemed $42,729 of five per cent first mortgage bonds leaving $137,046 outstanding.

In his remarks to shareholders, A. O. Dawson, president of the company, said in part:

"The value of materials used in your mills declined during the past year, and your inventories have been written down to a corresponding level. Owing to the increase in the sales tax, your company has paid into the government during the past year over forty thousand dollars in excess of the previous year.

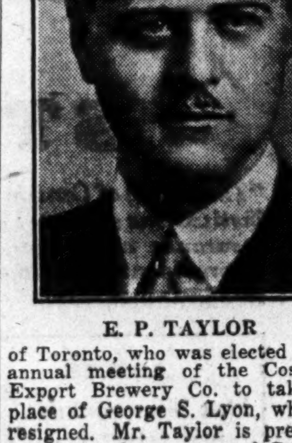
"To meet conditions as we found them, drastic economies were made in every department, and in addition, much old equipment has been replaced by new machinery of the most modern type."

Great Lakes Paper Gets More Tonnage

Operations of Great Lakes Paper Co. have been stepped up during January as a result of new contracts secured during the past four months. For the first time in its history the company is now carrying a large proportion of its contracts in its own name and while profit from operations is not substantially larger, due to lower prices prevailing on newsprint, it is the opinion of those closely in touch with operations that the company is in better shape than ever before to take advantage of any improvement in the newsprint situation.

Tenders have been called for a storage shed and conveyor with the intention of shipping production by water during the coming summer. This is expected to reduce transportation costs. The purchasing department has largely been transferred from Minneapolis to Fort William, thereby consolidating operations in Canada. Until recently, Great Lakes Paper Co. has been dependent upon tonnage supplied by Minnesota & Ontario Paper Co.

New Director



E. P. TAYLOR

of Toronto, who was elected at the annual meeting of the Cosgrave Export Brewery Co. to take the place of George S. Lyon, who has resigned. Mr. Taylor is president and general manager of Brewing Corp. of Canada.

CANADIAN BRONZE EXPECTED TO EARN DIVIDEND NEEDS

Disbursement Last Year Was Cut to $1.25 a Share

From Our Own Correspondent

MONTREAL.—Earnings of Canadian Bronze Co. during 1932 are understood to have been sufficient to cover preferred dividends and approximate disbursements on the common shares. During the year the company maintained its regular 7 per cent rate on the $720,000 of preferred and a total of $1.25 a share was paid on the common against a former dividend rate of $2.50 a share.

Operations of the company have been hampered by restricted railroad activity. Though some stimulus was afforded through the more rapid movement of grain last fall, business from the railways has continued along relatively low levels. Canadian Bronze handles approximately 70 per cent of the railways' needs in bushings and similar lines and is quickly affected by traffic conditions.

In 1931 net profit totalled $198,377 down from $308,792 n the previous year while in 1928 they had totalled $494,945. Preferred dividend requirements have been steadily lowered by redemption of shares and only $50,400 was needed in 1931 for this charge. Payment of common dividends resulted in a deficit of $41,820; profits were equal to $1.66 a share on the common against disbursements of $2.18.

A factor which affected earnings in 1931 was the continued drop in metal prices. Inventories were stated to have been taken as on a conservative basis at the end of that year. Fluctuations during the past 12 months have not been so severe as they were in the previous period; a factor which should work in the company's favor when taking stock at the end of 1932.

LAKE O' WOODS RETAINS HEADWAY MADE LAST YEAR

Working Capital Position Improved — Bakeries Have Problems

From Our Own Correspondent

MONTREAL.—Business of Lake of the Woods Milling Co. during the first four months of its current fiscal year, which began September 1, 1932, was maintained on a parity with that of the same period of the previous year. Conditions in the industry have shown no improvement but the company has been able to strengthen its position by enforcement of rigid operating economies.

Earnings to date compare favorably with those of last year while some improvement has been effected in working capital position. At the end of the last fiscal year balance sheet showed current assets at $2,171,208 compared with current liabilities of $3,605,865. The chief item in current liabilities was bank loans which totalled $3,210,000 and it is understood there has been headway made in reducing this figure.

Gains Made Last Year

During the fiscal year ended August 30, 1932, Lake of the Woods made progress compared with the previous period. In the last year earnings totalled $511,726 compared with a loss of $935,468 in the previous year and net profit of $111,369 was sufficient to cover dividend requirements on the preferred stock. These, however, have not been paid since 1931; they total $105,000 annually. The company's bakery subsidiaries are experiencing the difficulties encountered by all companies in this field at the present time. Price cutting has tended to lower the margin of profit and Inter City Baking Co., operating in Eastern Canada, deferred dividends on its common stock in September, 1932.

Conditions in the West, where another subsidiary, Inter City Western Bakeries operates, have militated against progress in this field.

ANGLO-CANADIAN EFFECT CHANGE CAPITAL SET-UP

Replace Old Debentures at Lower Interest Rate

From Our Own Correspondent

MONTREAL. — Anglo-Canadian Pulp and Paper Mills' £3,000,000 of 6½ per cent debentures were called some time ago by the Daily Mirror Newspapers and Sunday Pictorial Newspapers (1920) London, Eng., at 107 and have been replaced by £3,230,000 of 5 per cent debentures.

This development came to light as a result of financing carried out in England by The Daily Mirror Newspapers Ltd., one of the Lord Rothermere group of papers in Britain, which offered to the public £2,200,000 of 5 per cent guaranteed first mortgage debenture stock at 101. The issue was oversold. Part of the proceeds will be used by the company to take up the new Anglo-Canadian debentures.

History of Debentures

The financing of Anglo-Canadian Pulp and Paper Mills was carried out in 1927 and 1928. The debentures were offered in two blocks, one of £1,800,000 dated April 30, 1927, and the other of £1,200,000 dated May 1, 1928. The issue was payable in English and Canadian funds and was guaranteed by Daily Mirror Newspapers and Sunday Pictorial Newspapers (1920) London, Eng.

It will be recalled that in 1930 control of Anglo-Canadian passed into the hands of Canada Power and Paper which undertook a further guarantee of the debentures. Upon the reorganization of Canada Power into Consolidated Paper, control of Anglo-Canadian was passed back to the Rothermere interests and Canada Power was relieved of its guarantee.

Cabled dispatches on the new financing by the English papers do not give any details of the new issue put out by Anglo-Canadian Pulp and Paper Mills. There is a saving in the rate of interest charges, but it is not said whether or not the new debentures are payable in Canadian funds as was the case with the original issue.

Bond Sales

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

A syndicate composed of A. E. Ames & Co., Wood, Gundy & Co., Dominion Securities Corp., Canadian Bank of Commerce and the Royal Bank was awarded on January 19, an issue of $6,000,000 4½ per cent non-callable bonds of the Hydro-Electric Power Commission of Ontario, carry the guarantee of the Province of Ontario. The bonds are dated Feb. 1, 1933, and mature Feb. 1, 1938. The successful syndicate bid 100.09, the cost basis to the Commission being 4.49 per cent. Three other syndicates bid for the issue and bids were closely grouped but details of bids have been withheld by the Hydro Commission.

The bonds were offered publicly at 101 to yield 4.27 per cent but were largely taken up by institutional investors.

Bond Redemptions

Bond Issues—	Rate	Due	Redeem.	Price
Can. West. Nat. Gas	5%	1936	June 15	105
Toronto Power, deb. stk.	4½%	....	....	105

The Bank of Nova Scotia Looks to International Co-operation to bring about Trade Revival

President S. J. Moore Believes Business Depression Halted — Stresses Need for Scrupulous Discharge of Obligations Abroad — Calls Attention to Heavy Burden of the Public Debt

General Manager J. A. McLeod States That Volume of World Trade Has Declined by 32% — Urges Sweeping Reciprocal Reductions in Tariffs of Trading Countries to Bring Revival — Emphasizes Strength of Banking System—Opposes Further Depreciation of Canadian Dollar

PRESIDENT'S ADDRESS.

Mr. S. J. Moore, President of The Bank of Nova Scotia, in addressing the shareholders at the Annual Meeting held in Halifax Wednesday, expressed keen satisfaction with the Report of the Bank's operations during the year in which its One Hundredth Birthday was celebrated. "In view of general conditions it must be regarded as an exceptionally good report."

1932 Was a Year of Disappointment.

"Turning to world affairs, I must say that the year just ended has, on the whole, been one of disappointment. For the most part, the hopeful forecasts so generally made a year ago, have not been realized. The most signal disappointment has been the failure to secure world-wide international co-operation to deal with what are essentially world-wide international problems. It is because our most important problems depend in large measure for their solution upon international action, that I speak first of them to-day."

The Lausanne agreement has not been followed by an equally fine gesture from the United States. After quoting from a recent speech in which Dr. Nicholas Murray Butler, President of Columbia University, drew a striking parallel between the proposed lifting of the burden of War/Debts from the world, and a blood transfusion to save a weakened patient, Mr. Moore continued: "It is of good omen that a new conviction is taking root, the belief that while all countries are sufferers as a result of this long delay, the people of the United States are themselves the principal sufferers. For their sake, as much as for that of the peoples of Europe and our own country, a rapid accord is very much to be desired."

He pointed out that the world has witnessed certain positive achievements during the past few months. Britain, by her successful conversion operations "has once again demonstrated her capacity for leadership among the nations. It is in a time of stress such as the present that she most freely draws upon the virtues of her people." The Imperial Economic Conference, too, provided a basis on which more may be built.

"The Conference at Ottawa was a beginning only. Certain agreements, on quite a limited scale, were there completed within a few weeks. It is for the broadening of these agreements, and the broadening and deepening of the sentiment upon which they rest, that we should now work. Moreover, while working for the development of inter-Imperial trade, we should make it clear to the world that we do this, not with the conception in mind of an isolated Empire, but as the ground-work of a cooperative effort to revive all international trade. In this connection, we look forward to the meeting of a World Economic Conference within the next few months."

Business is More Stable in Canada.

Turning from these more general issues to the problems peculiar to Canada, Mr. Moore said, "During the past few months in Canada the decline of business activity seems really to have been arrested. It would be foolish to minimize the present force of the depression, but it is a matter of satisfaction to us all that since Midsummer last the situation has been comparatively stable. There is still widespread unemployment, and the relief of destitution is a heavy burden, alike on our municipalities and on our governments; but we may be thankful that the magnitude of the problem has not, in recent months, increased."

Moreover, he pointed out, the Canadian merchandise balance of trade has improved substantially during the past year. This, in view of our great external obligations, is a matter for satisfaction.

Canadian External Obligations Scrupulously Discharged.

"For a young country like our own, with almost boundless natural resources, there was, of course, during the depression, only one policy to be pursued with regard to creditors abroad; the scrupulous discharge, according to the strictest terms of our agreements, of all obligations arising on account of past borrowing. Any departure from the strictest terms of these agreements would not only have reflected at once upon the good faith of Canadians, but would also have been found, at some future time and under normal financial conditions, to bring about its own retribution through lasting damage to Canada's credit.

The Mounting Cost of Government.

"Though the maintenance of Canadian credit abroad at all costs has been both prudent and honourable," said Mr. Moore, "we must not fail to recognize that it has involved a heavy strain upon our public finance.

"The growing cost of government—Federal, Provincial and Municipal—is a real menace to Canada. The accumulation of annual deficits which, sooner or later, are added inevitably to the funded debt of the taxing authorities, momentarily relieves the situation—but at the cost of a grave increase in our future burdens.

"In times of prosperity, citizens are apt to view with a lenient eye financial practices which, whether in good times or bad, should always be deplored. One of the consequences of this depression (and, perhaps, the only consequence that we should welcome), is a realization on the part of taxpayers, generally, that the public business is their business, that every dollar of public expenditure must come out of their pockets, and that the funding of deficits involves an increase in their obligations individually."

Prices of Farm Produce and of Other Goods Are Still Unbalanced.

Of all those who have been hard hit by the depression—and none of us has escaped—it is, perhaps, the farmer whose plight should arouse the greatest concern. Broadly speaking, as everyone in Canada knows, whenever the farmers in this country have been disposing of adequate crops, at home and abroad, at prices which were not depressed in relation to the prices of manufactured products in Canada the country has been prosperous.

It has been the experience of many depressions that in them the farmers of Canada were compelled to sell their produce at prices which were abnormally low in relation to the prices of goods that they must purchase. Far from being an exception to this general rule, the present depression is the most conspicuous example of it within living memory. To-day the prices of farm produce are depressed at least by one-third, in relation to the price of goods that the farmer must buy. Thus, whether for the payment of debt or for the purchase of goods, the farmer's purse at present is quite inadequately filled; and quite apart from the meeting of obligations resulting from past borrowing or past purchases, the question of the present and prospective capacity of the farmer to buy the products of other Canadian industries is of such pressing importance, that I need not enlarge upon it.

Only when the prices of all of our principal products are in line with one another, can we look for the chimneys of our factories to smoke as they did in the busy days preceding 1930; and for the workers who now sit in idleness to find abundant employment again at the loom and at the lathe.

The World in a State of Siege.

In conclusion the President declared that, with the dislocation of markets, the raising of impediments to trade, and the dwindling of international commerce, the world is living in a state of siege.

"I would end on this note: that in a beleaguered city the prolonged and successful resistance of the besieged citizens depends more upon their good-will towards one another, upon their confidence in one another, than on any other factor. Mutual good-will is necessary to the conduct of life in ordinary times. It is the first and most vital necessity, during a period such as that in which we now live."

General Manager's Address.

Mr. McLeod reviewed at some length the profits for the year, and the changes in the items of the Balance Sheet. Pointing to the breakdown of the gold standard in 1931, the new restrictions on trade which more than thirty countries had imposed to meet this emergency, and the extraordinarily depressed prices for basic commodities, even in relation to the low level of all commodities through the world, he characterized the year 1932 as most difficult for the business man or banker. In view of these conditions, he declared, the Bank was fortunate in being able to present so favourable a statement.

The Shrinkage of International Trade.

"It is beyond question in my mind that the most disturbing feature of 1932 was the continued shrinkage of international trade," said Mr. McLeod. Referring to a statement previously given by him to the press (in which he pointed out that the merchandise exports of twenty leading countries, reckoned in gold values, had contracted, since the twelve months ended in September, 1929, by $14,600,000,000 — or by almost exactly 60%) he proceeded now to give an estimate of the shrinkage in the volume of international trade.

"It appears that since the Spring of 1930 the volume of international trade has also been rapidly shrinking; and that, if the twelve months ending September, 1932 (the latest twelve months' period for which we have complete figures), be compared with the twelve months ending September, 1929 (that is, the twelve months immediately preceding the crisis), the shrinkage in the volume of exports from the twenty countries has been slightly more than 32%.

"This shrinkage in volume, so far as we know, continues at the present moment, and if anything, at a somewhat more rapid rate than before. If the tendencies in operation at the close of 1932 should continue throughout 1933, by the close of the present year the world will be conducting its business as best it can, with a volume of trade reduced by nearly 50%, from the predepression total. In terms of value, the reduction will, of course, be far greater. I need not enlarge upon the seriousness of this possibility.

Urgent Need for Trade Revival.

"To no small extent, the shrinkage that I have tried to measure has been due to the persistent collection of War Debts. With this subject the President has already dealt at some length, and with his observations I concur. But to quite a considerable extent it is also due to the restrictions on trade which have been imposed artificially, by means of high tariffs and exchange regulations.

"The nations have been vying with one another in a disastrous competition to safeguard their own markets; and measures which, had they been undertaken only by one or two countries individually, might have been defensible, when imposed by dozens of countries simultaneously, with the same nationalistic objects in view, have inevitably been productive of suicidal consequences for all.

"No phenomenon connected with the present depression is of more sinister significance than this. No measure is more pressingly needed at the present time, than a sweeping reciprocal reduction in the tariffs of all of the principal trading countries, which will release the now thwarted productive energies of their citizens and permit of an expansion of their commerce. In this matter, the world is waiting for bold leadership."

Dangers of Currency Depreciation.

Mr. McLeod said that, under the present difficult conditions, it is not unnatural that many have been attracted by proposals for "root-and-branch" economic changes. Foremost of these he cited the proposal to deliberately further depreciate our currency, now quoted at a discount of about 12% in New York. "This would involve at the present time a premium on New York funds in Canada of rather more than 40%. I confess, frankly, that I should regret very much such a policy, and that I see no salvation for us in further currency depreciation. On four grounds I would oppose it.

"In the first place, it would, for a considerable time at least, create a situation of intolerable difficulty for Canadian public bodies with obligations to meet in New York.

"In the second place, it is an open question to what extent the further depreciation of our currency would inure directly to the benefit of our primary producers in the form of higher Canadian quotations for their wares. The world market is still a buyer's market, and the recent behaviour of newsprint prices suggests at least that the purchasers overseas, and not our own primary producers, might be the most direct beneficiaries from the continued depreciation of our own currency; that is, for example, that such depreciation might be followed by reduced prices for Canadian wheat in Liverpool, rather than increased prices in Winnipeg.

"In the third place, the temptation to what may be called 'competitive currency depreciation' is a strong general temptation. In respect of various products, we find ourselves in competition with Australia, New Zealand, Argentina, Denmark, and various other countries producing primary products. Any one of these countries might reasonably suppose that it would benefit at the cost of the rest, by further depreciating its currency. But should each of them attempt to secure an advantageous position by this means, all would find themselves in motion down a steep and slippery slope, with a distant objective that would be brought no nearer by progressive depreciation, but would steadily recede from them.

"In the fourth place, while recent experience has shown that the deliberate depreciation of a national currency can easily be brought about, I am not satisfied that once having entered upon a course of deliberate depreciation in Canada; we could call a halt with the same ease and assurance of success."

The Present No Time for Radical Experiments in Banking.

Of the proposal for the establishment of a central bank, Mr. McLeod observed that the depths of a severe depression do not furnish the most suitable surroundings for undertaking such a task.

Strength of the Chartered Banks a National Asset.

"I doubt if the critics of the banking system have begun to realize the tremendous value to the country of the stability displayed by the Chartered Banks during this depression. It is difficult for us to imagine the disastrous consequences that would have been visited upon the people of Canada had the banking system of this country been vulnerable during the past three years.

"Beyond the borders of this country, we have witnessed bank failures and suspensions, which have deprived whole communities of their banking resources—which have reduced the solvent business and the solvent depositor, without warning, to the same straits as the bankrupt. That no such spectacle has been witnessed in Canada should be a matter for congratulation on the part of the public, as well as the bankers themselves.

"It should be emphasized, however, that we have escaped these appalling dangers only because we possess a banking system of exceptional strength. Canadian banks have stood the shock of these years without calling upon the government or the public for special measures of assistance. There has been no need and no thought of pledging the credit of the nation, in order to keep open the doors of any bank.

"I should add that the banks stand to-day no less ready than they were in 1929, to provide accommodation for any legitimate Canadian business venture with sound prospects. The great size of their investment portfolios, some $700,000,000 is itself the measure of their readiness to lend for commercial purposes, and of their capacity to do so; for it is the funds unused in current business, which are being invested at present in government and municipal securities of high quality, but low yield. It is not the lender, but the borrower, who for obvious reasons holds back.

Close Relationship of the Banks to Government and Business.

"There is no trained banking executive in Canada who would dissent from these observations on our banking system. Nevertheless (and contrary to what is evidently supposed by many who find the notion of a central bank attractive) the bankers are by no means opposed to fresh ideas of a constructive character. Their standpoint is peculiar to themselves in only one respect. Their practical experience from year to year in the financing of governments, agriculture, and industry, has impressed upon them, as no corresponding experience has impressed on outside critics, the limited possibilities of banking action in a single country to stave off the hardships of depression.

"If those who to-day criticise the banks most freely should at some time in the future find themselves charged with the responsibilities of government, they will perhaps be surprised to discover that in all discussions of ways and means the banks are at their service and anxious to help them. Very conscious, at present, of the supposed faults of the Canadian banking system, they will presently become equally conscious of its virtues.

"If and when the day comes, they too will probably realize the limited possibilities of dealing with depression by manipulation of the banking system. There is no magic in it for the correction of the gravest evils at the root of our present or past troubles. All impartial thinkers have, indeed, known for some time what are the gravest evils to be corrected in the present instance, and what are the most important steps that should be taken. Most of them lie beyond the scope of banking action."

The Slow Process of International Agreement.

The main measures that are needed, he pointed out, are those for which international action is necessary. "International agreement is a tardy product. We may hope however, that in respect of at least some of the principal measures to be taken, 1933 will witness the consummation of agreement."

The Railway Problem.

The railway problem, as one of the continuous drains on the public purse, he discussed briefly. "Without venturing in detail, to discuss the railway problem to-day, I would emphasize the fact that present circumstances severely limit our freedom of choice, in dealing with our transportation problem. To put it bluntly, the choice should be restricted to what we can afford; and a population of only ten millions of people, burdened with the cost of maintaining forty-two thousand miles of steam railways, is bound to consider the proposals with which it is confronted mainly in the light of possible economies that each proposal offers."

Citizens Have Withstood the Strain.

In his concluding remarks, Mr. McLeod emphasized the courage with which our citizens have withstood the trials of depression. "In an atmosphere of doubt and confusion, and of much loose speculative thinking on the supposed 'breakdown of our civilization,' dangers have been faced and privations endured with exemplary patience and good humour.

"Upon continued mutual tolerance and good-will more than on anything else we depend to sustain us through these trying times. We have not failed one another in the past. I believe that we shall not fail in the future."

WABANA MINES OUTLOOK BETTERS

Better Prospects in Germany and Sydney May Help Production

From Our Own Correspondent

MONTREAL. — Re-opening of the steel plant at Sydney and a revival of manufacturing in Germany give promise of increased production at the Wabana iron ore mines on Bell Island. These mines are owned and operated by Dominion Steel and Coal Corp. through Nova Scotia Steel and Coal Co.

Shipments from Bell Island during 1932 were confined to Germany. Sydney for the first time in a decade was unable to take ore, as the steel plant was stocked to capacity with unused supplies from 1931. None was exported to the United Kingdom and none to the United States.

Poor Season in 1932

Thus ore shipments during 1932 fell to the lowest level in the history of the mines. Production was reduced more than 200,000 tons from the 1931 output, and the exports were reduced 550,000 tons.

Company reports for the last five years indicate the trend in the industry.

In 1929 exports totalled 1,517,000 tons, of which 735,929 tons went to Germany, 681,500 to Canada, 5,330 to United Kingdom, 76,340 to United States.

Exports Fall Away

In 1930 exports totalled 1,177,961 tons, of which 661,406 went to Germany, 467,784 to Canada, none to United Kingdom, 48,771 to United States.

In 1931 exports fell to 705,265 tons, of which 439,564 went to Germany, 209,061 to Canada, 33,720 to United Kingdom, 22,920 to United States.

While official figures are not available for 1932, it is reported that only 150,000 tons were exported, all of which went to Germany.

University Tower Pays First Mortgage Interest

Interest on first mortgage 6 per cent bonds of University Tower Corp., due in 1950, has been paid regularly since the bonds were issued and The Financial Post wishes to correct an error appearing in the issue of January 14 which showed this bond issue among a list of Canadian corporation bonds on which default had occurred.

In June, 1932, holders of 85 per cent of the 6½ per cent convertible general mortgage bonds, outstanding to the amount of $1,000,000, approved of proposals relieving the company of certain obligations. The general mortgage bondholders waived default by the company on interest due May 1, 1932, and agreed to postponement of such payment to May 1, 1935, together with other interest payments due in the intervening period. Sinking fund payments were also postponed. The action thus taken affected only the general mortgage bonds.

Shawinigan Announces Change in Directors

From Our Own Correspondent

MONTREAL. — Following the monthly directors' meeting of Shawinigan Water and Power Co., it was announced that John A. Walls, of New York City, and Lt. Col. H. Molson, of Montreal, had been elected to the directorate in succession to Henry J. Fuller, of New York City and Maurice J. Curran, of Boston.

Bond Tenders

Jan. 30. School Commissioners of Verdun—$167,000, 5½ per cent 40 year serial bonds. R. E. Mackay, sec.-treas.

Jan. 31. Village of Calberne—$15,000, 6½ per cent 20-installment debentures, for purchase and rehabilitation of electrical distribution system. H. S. Keyes, clerk-treas.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES PROVINCIAL AND DOMINION GOVERNMENTS

Provincial—	Date Sold	Offered by	Rate	Due	Amount	Price	Yield
Hydro-Electric Power Commission of Ontario	Jan. ..	A. E. Ames & Co., Dominion Securities, Wood, Gundy & Co., Can. Bank of Commerce, Royal Bank	4½%	1938	$6,000,000	100.09	4.49%

Summary of Week's Annual Reports

A brief analysis of company earnings per annual statements received since last week's issue. Company name in bold type indicates stocks listed in Canada or New York. Net income shown is before preferred dividend, if any. Market prices are at close on Tuesday this week or last sale.

Company	Year End	Net Income 1932 $	Net Income 1931 $	Common earnings 1932 $	Common earnings 1931 $	Curr. divid. $	Balance car. fwd. 1932 $	Balance car. fwd. 1931 $	Mkt.	Mkt. times earn.	Yield %
Guaranty Trust	Dec. 31	15,698	13,960	15.2	13.5	8	2,090	445	...	...	...
Western Homes	Dec. 31	65,189	71,846	4.6	5.2	4%	33,930	31,466	...	...	...
Dominion Bank	Dec. 31	*1,179,931	*1,322,287	†16.86	†18.89	10	310,773	465,209	147	8.7	6.8
Bk. of Nova Scotia	Dec. 31	§2,303,435	§2,579,802	*19.20	*21.50	14	578,225	859,633	263	13.7	5.3
National Trust	Dec. 31	381,838	449,892	12.72	15.00	12	286,695	279,857	208	16.	5.8
Ontario Loan & Deb.	Dec. 31	267,386	277,841	6.68	6.95	6	76,619	73,543	103¼	15.5	5.8
Toronto General Trusts	Dec. 31	341,871	398,507	11.40	13.28	10	83,694	81,822	166½	14.6	6
Huron & Erie Mtge.	Dec. 31	404,724	400,490	8.09	8.01	8	90,335	85,610	98	12	8.2
Canada Trust	Dec. 31	100,830	108,078	10.08	10.81	10	42,031	41,201	...	...	...
Mount Royal Hotel	Dec. 31	‡296,176	126,451	...	...	...	348,812	11,731	...	...	...
Windsor Hotel	Dec. 31	‡92,684	135,523	...	...	...	222,623	364,735	...	...	...
Belding-Corticelli	Nov. 30	103,988	73,914	5.79	1.79	7	470,487	479,541	63	10.8	11.1
Hudson Bay Mortgage	Dec. 31	4,412	4,915	4.3%	4.8%	...	11,074	6,662	...	...	...
Simpsons, Ltd.	Jan. 4	‡*177,313	620,480	...	...	...	524,916	702,229	...	...	...

*After deducting charges of management, interest accrued on deposits, and making provision for all doubtful assets.
†Before appropriation for write-off on premises and taxes and also before provision for depreciation in securities.
‡Deficit.
§After providing for charges of management and bad debts.
¶Before deduction of amount written off premises and taxes.
*For 11 months.

THE FINANCIAL POST

Member Audit Bureau of Circulations
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Vice-President—HORACE T. HUNTER
Editor—FLOYD S. CHALMERS
Business Manager—D. M. GOWDY

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TORONTO, JANUARY 28, 1933

POLITICAL EXPEDIENCY AND RAIL PROBLEMS

According to the Halifax Herald, "Consolidation of the two great transportation systems, is a matter for the most careful study by experts who approach the problem with the interests of all concerned sincerely at heart and free entirely from the influence of political expediency."

Canadians thought the Duff Commission met that description. But apparently contented itself with bringing in a report that was chiefly influenced by what they believed to be politically expedient. The only report which was worth anything from the Duff Commission was a report which would give the best solution they could offer to the railway problem regardless of political expediency.

The commission was composed of very able men who gave a considerable amount of their time. The business men and the thinking people of Canada did not want them to spend all their time merely to issue a report that would please the majority of the voters of Canada.

TIGHTENING UP COMPANY LAW

Uniform company legislation in the Dominion and in the nine provinces, as agreed upon by the premier's conference, will help to protect investors from exploitation. We do not want any Delaware's or New Jersey's in this country and we do not want competitive bidding for incorporation of companies.

Uniformity of company legislation is highly desirable but it, of course, does not go far enough. Corporations are creations of the State and the State is entitled to insist upon the acceptance by corporations of a high moral responsibility to the public. Unfortunately, moral character is something that cannot be created by legislation but there is a certain protective or policing power in legislation that can be exercised.

If the provinces and Dominion could agree upon strengthening some of the company laws whose loopholes now permit juggling with shareholders' funds, re-incorporation and re-capitalization on the basis of fraudulent high finance, etc., they would be taking the next logical step and one that would work out in the long run in the general interest of the public and of investors.

A VITAL OBJECTION TO THE SOVIET DEAL

The Toronto Star, with the inaccuracy that it always displays when inaccuracy serves its purpose, remarks:

"Three classes of persons are opposed to the cattle-hide-oil deal with Russia. The first and largest class consists of those who have been misinformed in regard to the whole matter. The second class is composed of those who, not knowing what Mr. Bennett thinks, would like to save him from embarrassment. The third class consists of those who think the Russians are wicked, and that no Christian people like us should have any truck or trade with them."

There is a fourth class of person, opposed to the cattle-hide-oil deal with Russia. They are the persons who are well informed on the proposal; who have no interest in Mr. Bennett's embarrassments, and who believe that there should be no restrictions on trade with Russia other than those necessary to safeguard our tariff and our Imperial preference treaties, but who do not believe that the government should guarantee export credits to Russia any more than to South Africa, Bulgaria or any other of the more than 100 countries with whom we now do business without government guarantee of credits.

Let the Russia deal go on by all means if the traders negotiating it can swing it. But let us not have the taxpayers put up the money to make them their private profit.

A CANNY MOVE

One of the Ontario townships has been circularizing large business firms in Ontario asking for contributions to its relief fund. The municipality estimates that its relief expenditures for the coming year will amount to $35,000. If it can raise $7,000 locally, it will receive a grant of $28,000 from the "government," persumably the Ontario Government which, in turn, will get part of the money from the Dominion Government. The appeal to outside corporations is a very canny move on the part of this township. It simply means that if it can get $7,000 of outside money in to form the nucleus of a fund, it can get $28,000 of additional outside money in to make up the total.

Perhaps the township has not considered that what it is asking individual concerns to do is to give donations that will permit it to get government grants to increase the taxes of the corporations to whom it is making the appeal.

Municipalities that are getting 80 per cent of their relief funds from central governments should not make appeals outside their own borders for the small percentage which they put up themselves.

CANADA LIFE LEADS THE WAY

The announcement of A. N. Mitchell, general manager of the Canada Life Assurance Co., at the company's annual meeting last week, that sweeping changes had been made in the basis of dividend distribution to policyholders is of first-rate importance not only to those who hold policies with that company but to the life insurance business generally on this continent.

For many months now life insurance leaders have been discussing privately and in public, the need of finding a solution to pressing problems which have arisen concomitant to a prolonged and extraordinarily severe depression period. One of the chief of these has been the necessity of adjusting high dividend scales to reduced earning power and conserving ledger assets in the face of an abnormal demand for surrender values.

Last year Canada Life reduced its scale of dividends to participating policyholders but this year the company is pioneering in the introduction of a completely new basis for dividend distribution which it believes offers a permanent solution to many current insurance difficulties, from the viewpoint of the policyholder and the company alike.

In brief the plan provides that instead of following the normal course of a maximum annual or quinquennial distribution of surplus earnings in the form of policy dividends, the company has reduced the amount of its regular annual distribution and is arranging to make additional payments to policyholders (1) by way of a maturity dividend payable when the policy matures either through death or endowment, and (2) in the form of what is called a "persistency dividend" which will be paid to all those whose contracts have been in force for a certain definite period of time.

This plan has several fundamental advantages to support it. Firstly it will serve to conserve in abnormal times the cash resources and liquid position of the company toward the primary end of safeguarding the equity of policyholders and beneficiaries. Too often policyholders are forgetful that the primary function of an insurance company is not to pay high annual policy dividends but to so operate its business as to ensure always the payment of policyholder claims promptly and in full the moment they mature. Secondly, without imposing any handicap on maturing policies, it will tend to restore a more equitable balance in favor of continuing policyholders who have undoubtedly suffered in the past year or two by reason of large sums having to be paid out to surrendering policyholders either by way of cash surrender values or dividends. The high cash surrender values were no doubt inserted in the policies to meet competition and without expectation that there would be such a large demand for these payments as there has been in recent years. It will also tend to encourage conservation of policies and eliminate twisting and switching, for policyholders will immediately sense the monetary value of keeping their policy to maturity or until it shall reap the benefit of a "persistency" dividend.

Canadian life insurance companies have long been noted for their sound thinking and conservative practice and it is fitting that a Canadian company should lead the way in what may well prove one of the most important underwriting trends of the present decade.

KEEPING PEACE IN THE FAMILY

The London Free Press gently chides The Financial Post, the Saskatoon Star-Phoenix and other papers for keeping alive the controversy about the merits of the Hudson Bay Railway. Concerning The Post's recent exposure of the colossal cost of moving any grain at all over the new northern railway it says that these arguments "would be better to rest in peace." But it does not, on the other hand, support the Western papers in their protests against The Post's articles and it speaks with irony of the "blazing editorials of condemnation of the bloated and selfish East."

The Free Press is apparently indifferent, both to the reckless enthusiasms of the West concerning the Churchill railway and to the enormous expenditures of the taxpayers' money upon it. And it frankly indicates the reason why it prefers to have the matter not discussed at all. It says:

"The attitude of the Free Press has always been, even at the height of the controversy a few years ago, that the West wanted the new railway, and whatever the arguments against it, it was worth the money to keep peace in the family."

The Free Press is reflecting an all too prevalent Canadian opinion which has been responsible for most of our present problems in public finance, for our present enterprise-restricting weight of taxes. In order "to keep peace in the family" we have wasted tremendous sums of money on locally favored but largely uneconomic developments and we have done so in each case "whatever the arguments against them."

Canadian public policy, so far as it has touched the problem of making Confederation a reality, has been to regard the public treasury as a vast and inexhaustible reservoir of tax receipts and borrowed money from which there could be ladled out gratuitous bonuses or political bribes to one section of the country after another. Each advantage granted to one section has brought widescale demands for commensurate offsetting advantages to some other area.

In the end no one has gained any net advantage but everyone has lost something by reason of the restraining influence upon prosperity of high taxation.

The system is reminiscent of the methods of one, the famous Boston crook, Ponzi, who sold high-yielding securities to thousands of suckers. The scheme collapsed when the suckers discovered that the enormous return they were getting was simply a return of their own capital. But even Mr. Ponzi could not keep peace in the family of his investors when the true nature of his scheme was exposed.

LESSON OF CALGARY

It can not be too strongly emphasized or too often repeated that the real lesson of the Calgary bond case is that Canadian public borrowers should make their bonds payable in lawful money of Canada and not in gold, in American funds or in any other foreign currency. There will be times when money can be borrowed more cheaply when payment of interest and principal is profferred in American currency and there will be many large United States investing institutions which will refuse to buy Canadian bonds payable only in Canada.

But it will be better to know in advance what borrowed funds are going to cost than to run the risks of violent currency fluctuations. And in time, when foreign lenders are convinced that Canadians intend to stand by the policy of nominating Canadian payment in all their bond issues they will accept such bonds in the same manner that they now accept internal bonds of the United Kingdom and other countries that are not payable in gold and not payable in any currency but the currency of the issuing country.

In the meantime those borrowers in Canada who have undertaken to pay in some other currency should stick to the letter of their bonds. It is too late for them to do anything about the bonds they have already issued.

TAX FREE BONDS

A far western politician has recently suggested that tax free bonds pay immediate interest to the state, according to press reports of a public address. The exact meaning of this is not clear, but it apparently signifies a desire to make some sort of levy against tax free bonds because of the fact that they are tax free.

Tax free bonds were originally issued by governments in Canada for reasons then considered good but now considered not so good. A better price could be obtained for such issues at the time of underwriting. Large and small investors were able to calculate whether such bonds would be worth while to them, at a lower interest return, in view of the tax saving. It was on the results of such calculations that the original high price was obtained for the tax free bonds.

Since the issuing governments received the benefit of granting freedom from taxes, in the form of a higher price for such loans, why should it now be proposed to penalize holders of tax free bonds? They are only getting what they paid for, and the governments are only granting that for which compensation was given. Such loose remarks by politicians, in addition to revealing a failure to understand their subject, are not beneficial to the credit of this country.

EDITORIAL NOTES

The U. S. is said to be after Canada's trade. There are a great many Canadian firms with the same ambition.

* * *

The Japanese offensive may force recognition of Russia by the United States. It isn't that Washington loves the Soviet more but that they love the Japs less.

* * *

Widespread monetary disorders, such as prevail throughout the world at present, bring economists into the limelight and also bring them lower salaries.

* * *

The 100th anniversary history of the Bank of Nova Scotia is beautifully executed—a tribute to Canadian writing, artwork, engraving, printing, binding—and banking.

* * *

Governor Montague (Hide-and-seek) Norman, of the Bank of England, should have married Agnes McPhail, M.P. They have equal facility for getting themselves laughed at in the headlines.

* * *

The debate on the subject of inflation waxes intense in the United States. The best bankers stand, of course, for sound money. The economists are hopelessly divided. The politicians, including probably Mr. Roosevelt are completely muddled. No inflationary legislation is likely from this Congress. The new one will be more friendly to inflation but some well informed authorities say there will be no new inflation beyond budgetary or deficit inflation and a further extension of the scheme of last summer whereby currency was issued against government bonds.

POST-scripts

Report that Montagu Norman, so-called mystery man of the Bank of England, has married, makes one hope that his future wife will have less trouble in keeping track of him than newspaper reporters. Some wives have enough difficulty in keeping tab on their spouses without their wearing heavy disguises and travelling under assumed names. The antics of "Professor Skinner" as Norman called himself during a recent trip, recall the story of the keeper from a lunatic asylum who was searching for one of his wards. "The fugitive says he is Napoleon," the keeper explained to a member of the search party. "But don't believe him. He doesn't know what he's saying. The fact is," he added modestly, "I am Napoleon."

Beautiful mural paintings, illustrating various phases of the institution's activities, decorate the walls of the upper hall in the new section of the Bank of England. One of these is of the Committee of the Treasury and shows several figures that closely resemble present or former members of the committee. The suggestion of this similarity brought the following denial from the bank's secretary:

"All the figures are nameless, merely historical symbols, although the artists were left free to suggest fancied resemblances. Actual portraits will occupy other walls. In fairness to the artists, we therefore deprecate attempts to identify various figures."

If the observer of the painting cares to disregard the bank's deprecations, and this is not to be done lightly, it can be noticed that a bearded figure standing on the right of the picture looks very like the present Governor, of the bank, Montagu Norman, and that one seated on the extreme left strongly resembles the late Lord Cullen of Ashbourne, former Governor, who died last November.

The murals were all executed in conservative style by members of the Royal Academy, and are entirely dissimilar to the seven large carved statues on the exterior of the new section of the bank. It is said that a director recently called these statues "very extraordinary monstrosities," and that the Governor, Mr. Norman, replied that they would be greatly admired if they were looked at long enough.

A business man in Toronto remarked after the address of E. W. Beatty, K.C., chairman and president of the C. P. R., "Mr. Beatty made a splendid address but he is a few years late with it. That is what he should have said five years ago."

There may be some point to the criticism. We doubt very much if Mr. Beatty five years ago foresaw what was going to be the full effect of the railway competition that was then going on; we doubt if he visualized the present situation in its entirety.

But it is interesting to turn up Mr. Beatty's last previous address to the same club that he addressed in Toronto last week. In it we find a protest against the proposal of the Canadian National to duplicate the C. P. R.'s large Toronto hotel, in the course of which Mr. Beatty said:

"It would constitute a duplication which might well be described as destructive competition. It is due to unthinking optimism, extreme civic pride or some other reason not related to sound economics."

"The psychology of the people in the matter of expenditures is not difficult to understand. Extravagance is easy to justify; it is never called extravagance but is described in much more appealing and attractive language. Prudence and economy, even though accompanied by forward and constructive policies, are not popular. Large corporations, even those confronted with a highly competitive condition, would be wise to respect the integrity of each other's investment and the same observation would apply with even greater force in the case of a government in competition with private enterprise."

We find also these significant statements:

"You also are aware of the rather speculative tendency that has crept into our financial operations in the last few years. You are aware that many of the most conservative and most stable institutions have bowed to this popular demand and have gone to great lengths in order to make their securities attractive in the public markets.

"Not all years are prosperous years and, hopeful and confident as we are of the continuing prosperity of this country, we cannot avoid the conclusion that there is no assurance of this, that recurrent commercial and business depressions may come in the future as in the past. We may have war or economic disturbances which may be world-wide and serious."

Mr. Beatty's 1928 address, from which these quotations are taken, was a plea for maintenance of the financial integrity of the C. P. R. by freeing it from unfair competition and onerous political restrictions.

As Others See Us

Farmers Ask Tax Cuts

Gazette and Chronicle, Whitby: At every one of township nominations it was very apparent that the question uppermost in the minds of the ratepayers was the urgent need of a reduction in taxes. Nor is this to be wondered at when one considers the manner in which taxation of various kinds has mounted in recent years and also the extent to which farm incomes have dropped. An estimate by The Financial Post shows farm revenues in Canada 8.8 per cent below 1931, 36 per cent below 1930, 51 per cent below 1929. Every other branch of industry has also suffered greatly diminished income, but these figures make it very evident why the farmers are so insistent that something be done to ease the burden of taxes which they have to carry.

"Stop Me If You Have Heard This One"

A large determined-looking colored woman marched into the matrimonial bureau and said:

"I'se lookin' for a husband."

"But Mrs. Johnson," said the attendant, "we furnished you with a husband last week, didn't we?"

"Yassuh," was the terse reply. "Dat's de one I'se lookin' for!"

The World at Large

An Occasional Department Discussing World Economic Affairs That Affect Canada

By F. S. C.

RESPONSIBILITY OF U. S.

There is a strong movement in the United States now for the imposition of special duties against goods imported from countries with depreciated currencies. Canada charges such special duties. In this country, it is felt that they are necessary if our tariff is not to be vitiated in its protective features by reason of differences in the present exchange values of currencies in international trade.

There is no certainty that the United States will adopt such legislation. As a matter of fact, it is not very clearly understood by the majority of the people and with a Democratic congress coming into power and a Democratic president taking up the White House, the theoretically more moderate tariff policy of the new administration may be invoked to permit the present situation to go on.

* * *

Some American writers are inclined to blame depreciating and disorderly currencies throughout the world as the primary cause of American difficulties. It is pointed out that the effect of disordered exchanges upon prices is so serious that every pathway to recovery is blocked while the present confusion continues. One may readily admit that confusion in currencies provides such barriers to international trade that recovery must be delayed and that in this delay the United States will suffer. But these American commentators in most cases overlook the fact that the United States is a chief contributor to the present situation. Its policy of insisting upon payment of all international obligations due to it and its stubbornness in carrying on a tariff policy that makes practical payments of these obligations difficult has blocked the world's channels of trade and led to depreciation of currency and to exchange restrictions which make trading between nations difficult.

The U. S. is being told by its best economists that as a country—and this embraces both the State and the private citizens—it must do one of two things; it must either lend freely abroad as it did in the years from 1925 to 1928 and thus defer the necessity for the import of foreign goods or it must let down its tariff barriers and frankly accept as inevitable a debit balance of merchandise trade. Until it adopts one or either of these policies it is told it will find itself up against a world situation from which it can extract little by way of prosperity.

One must not be too hopeful of early realization of these facts by the American public generally so long as publications of the type of the Hearst newspapers and the Saturday Evening Post are the dominant factors in forming American public opinion. There is a great deal of common sense in the United States and in the past it has always at some point risen above the cheap appeals of political and journalistic demagogery. It will do so again in connection with some international problems of the moment—but the realization may come slowly.

* * *

ECONOMIC CONFERENCE

The agenda of the World Economic Conference as drafted by the committee of financial experts meeting at Geneva includes three main divisions aiming generally toward restoration of the gold standard, equalization between prices and costs and resumption of the free movement of capital. The economic committee's agenda have not yet been drafted.

An outline of the financial agenda as cabled to the Wall Street Journal, follows:

I. Monetary and Credit Policy.
1. Conditions under which restoration of a free international gold standard will be possible.
2. Currency policy to be followed prior to such restoration.
3. Functioning of the gold standard.
A. Relations between political authorities and central banks.
B. Monetary reserves, with lowering of gold cover ratios to notes, use of gold exchange standard and other methods for economizing on the use of gold for distribution and reserves.
C. Co-operation of central banks in credit policy.
4. Silver.

II. Prices.
1. Disequilibrium between prices and costs.
2. Measures for restoring equilibrium.

III. Resumption of Movement of Capital.
1. Abolition of foreign exchange restrictions.
2. Existing indebtedness, including foreign short terms debts and foreign long term debts.
3. Movements of capital.

The preamble contains a pessimistic statement on the present situation. Monetary disorganization, the lowering of prices and the diminution of trade have intensified the wide and difficult debt problems existing in most, if not all, countries.

The only means for a complete and definite return to normal conditions, the preamble will say, is a settlement of the present conflict of economic nationalism.

The contention that a final settlement of war debts is necessary as a preliminary to the World Economic Conference has been discarded by the committee preparing for the conference.

In the Mail

Railway Amalgamation

Editor, The Financial Post,

The speech of the president of the Canadian Pacific Railway in Toronto has brought the subject of amalgamation of the two big railways very forcibly before the citizens. Let us therefore all very carefully consider this problem before it is too late, as the result of whatever action is taken will be very far reaching. For the past two weeks we have heard little but that which is in favor of amalgamation. Will it not be wise to study the opposite side of the picture and then compare the two?

Mr. Beatty spoke most enthusiastically on behalf of amalgamation claiming that it is the only true solution but he does not state how the amalgamation will be financed; neither does he say how the immense savings are to be obtained which cannot be gained as well by other methods. If it is possible to amalgamate the two railways under private management is it not possible to have two privately owned companies thus obtaining release from governmental control and the ill effects of a monopoly?

Let us consider the causes of the present crisis in the affairs of both our railways. Cannot they be placed under the five heads viz:—

1. A very severe reduction in carloadings of both railways;
2. Overcapitalization of the C. N. R. of one billion dollars;
3. Unfair competition in the past by the C. N. R.;
4. Too big a plant for the business or too little business for the plant under present conditions;
5. Lack of co-ordination and co-operation between the two railways and between these railways and the other forms of transportation.

How far will the proposed amalgamation improve our position? If these five fundamental causes can be eliminated we will agree probably that there will no longer be a crisis.

Will amalgamation increase the carloadings of either railroad or decrease the capitalization of the C. N. R.?

Has not the unjust competition by the C. N. R. very largely if not entirely been eliminated?

Although the lack of business for the plant might be obviated by making the plant fit the business must we not remember that tearing up the rails will never refund the money expended upon them; that families have been induced to make their homes alongside these rails on the natural supposition that the service will be continued in the future; that later on these rails in all probability will be required as soon as our population catches up with the rail mileage?

A great improvement has been obtained lately in the co-operative efforts of the railways but is there not much which has not even been attempted which would aid very much in stopping the leaks? Will amalgamation gain better results in the competition from bus or truck for is this not a question which must be adjusted, wherever inequitable, by co-operation between the provincial governments?

Let us answer these questions and study the problem from both sides very carefully as upon its proper solution much will depend in the future of this country.

J. RAWSON GARDINER.
Montreal.

Other People's Views

Those Governmental Costs

The Free Press, London.—One of the biggest problems of all governments today, federal, provincial and municipal, is that of balancing the budget. It is not a Canadian problem alone; it touches every government all over the world—the United States, Europe, Asia, South Africa and Australia. Revenues are decreasing, fixed costs are high, while governments are faced on the other hand, with mounting expenditures as a result of relief.

The causes of the situation might roughly be summed up as three:

1st—In the past couple of decades, and particularly the ten years following the close of the war, the whole world was on a spending orgy. Individuals, corporations and governments all apparently thought this era of expansion and prosperity would go on forever. Governments, without consideration for the future, piled up debts. It is all very well to blame governments, but the whole public was responsible. Governments built Hudson Bay railways only on public demand.

2nd—There was the ever-growing call on the governments for new social services. We had grown paternalistic. Old age pensions, mothers' allowances and a hundred and one services that a couple of decades before were never considered were loaded on governments. They are very fine and necessary, but they all cost money. Each new service also meant new departments and new officials.

3rd—Finally, there was the war. The four-year struggle cost the nations billions in debts and billions more in pensions. All these new burdens have pyramided our national debts and added enormously to the cost of governments.

Now the collapse has come and governments all over the world are in a most difficult position.

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St. Marys Memorial Hospital 6% due Nov. 15, 1946
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112 ST. JAMES ST. WEST - MONTREAL

The TORONTO GENERAL TRUSTS CORPORATION

Notice is hereby given that the Annual General Meeting of the Shareholders of The Toronto General Trusts Corporation will be held at the Head Office of the Corporation, at No. 253 Bay Street, in the City of Toronto, on

Wednesday, the 1st Day of February, 1933 at the Hour of 12 o'Clock Noon

to receive and consider the Annual Report and Financial Statement of the Corporation for the year ended the 31st December, 1932, to elect Directors for the ensuing year, and for the transaction of such other business as may be brought before the shareholders.

By Order of the Board of Directors
Toronto, January 21st, 1933
W. G. WATSON, General Manager.

STABILITY

"The people of Canada may well take pride in the stability of their financial institutions so amply demonstrated during this period of stress. Our life insurance companies, in particular, have met demands for funds in unprecedented volume. Yet, their resources have not declined but have steadily augmented."—Sir Robert Borden at Annual Meeting.

ASSETS	
First Mortgages on Real Estate	42%
Government and Municipal Bonds	20%
Public Utility and Industrial Bonds	6%
Preferred and Common Stocks	2%
Loans on Company's Policies	20%
Home Office and Other Real Estate	3%
Cash and Other Assets	7%
	100%
Average Interest Realized	5.96%

Crown Life Gains at every point in 1932

Insurance Issued Increased to $23,000,859.00
Insurance-in-Force Increased to $137,180,619.00
Cash Income Increased to $5,021,402.29
Assets Increased to $17,892,630.94
Contingency Reserve and Surplus Funds Substantially Increased

CROWN LIFE INSURANCE COMPANY
Rt. Hon. Sir Robert L. Borden, *President* — H. R. Stephenson, *General Manager*

Business Conditions in Canada

The Week in Business

Empire Content in Limelight Again

Auto Manufacturers Suffer from Sales Decline

December Pig Iron Output High for Year

THE vexed question of Empire content which received Empire-wide publicity at the time of the Ottawa Conference, is again up for discussion in Great Britain as a result of the recent action of the Empire Committee of the Federation of British Industries which has now placed before the British Government the view that each industry should be treated entirely on its own merit in a question of Empire content.

At Ottawa, it will be remembered, no unanimity could be achieved on this point and the subject was sent back for further consideration by each self governing part of the Empire. The attitude taken then by the 70 unofficial British industralists who met at Ottawa under the auspices of the F. B. I. was that Empire content should be 75% of the total cost, provided that certain specified raw and partly prepared materials were excluded from the calculation of such costs after consultation with the individual industries. This group, which represented some 83 diverse industries, also urged that the list of specified articles, the definitions of costs and contents and the figure of 75 per cent should be uniform in the Empire.

* * *

COMMENTING on the new viewpoint of British industrialists, the London Times Trade and Engineering Supplement makes the following observation:

"Admittedly, the Government may find it a long and onerous task to treat industry by industry, and it is realized that it might be to the general advantage of both the Government and industry if a certain percentage figure were fixed, but the committee adheres firmly to the view that in the long run the question should be decided in accordance with the requirements of each industry. If the British Government were to fix a particular Empire 'content' in respect of goods of a certain character entering this country, the British manufacturer of such goods must be prepared for a similar requirement in Oversea Dominions and Crown Colonies. The committee's aim is that goods manufactured in any part of the Empire to which a British preferential entry is to be accorded shall be as nearly as is possible the genuine product of Empire production and industry"

* * *

DESPITE the keenest competition as to price and performance in the low priced car field, Ford and Chevrolet maintained their grip with more than 50 per cent of sales of all cars in 1932 in Eastern Canada, according to an analysis of sales made by The Financial Post. With Plymouth, Rockne, DeSoto and other of the smaller cars increasing their proportion of total sales in the year, the trend during the year appeared to be away from the heavier and more expensive class. This was a natural and easy movement owing to reduced purchasing power and to the fact that, in comfort and performance, the $1,000 car of 1932 equalled anything in at least the immediately higher class of previous years. Sales for the year dropped 38 per cent, all the leading manufacturers with the exception of Studebaker suffering to some extent. General Motors was down 41.8 per cent, Ford 38.3 per cent and Chrysler Corp. 23.8 per cent.

The 1933 automotive season got away to an early start and the demand for body parts is reflected in high December production in the primary iron and steel industry. Production of pig iron for the month was almost double the December, 1931, total of 14,000 tons. March is generally the peak month in this industry but the early start may move that honor to February. December steel output failed to hold all the November gain, but at 31,000 tons it was nearly 50 per cent above the December, 1931, total.

BUILDING PERMITS IN CANADIAN CITIES TOUCH NEW LOW

December Figure Smallest Recorded Since Records Kept

Building permits issued in December in the leading 61 cities of the Dominion amounted to only $1,480,731, the lowest monthly total since these figures were first compiled in 1920, and more than 80 per cent less than the December, 1931, total.

Detailed statements received from 50 cities showed that they had issued almost 100 permits for dwellings, valued at approximately $350,000, and over 600 permits for other buildings at an estimated cost of $900,000. St Boniface issued the only engineering permit, one for $100,000.

Year's Total, $39,400,000

Permits issued for the whole year amounted to $39,403,306, a decrease of 65 per cent from the previous year and the smallest annual total ever recorded. Cost of construction contributed somewhat to the poor showing made in 1932 compared with previous years but even after taking material costs and wage costs into account the 1932 total is considerably smaller than in any previous year.

Permits issued in the leading Canadian cities in December, compared with the previous month and with December, 1931, are as follows:

Building Permits Awarded

	Dec. 1932	Nov. 1932	Dec. 1931
Halifax	$48,525	$108,123	$70,305
St. John	22,440	19,428	6,955
Montreal	215,805	248,174	2,982,690
Quebec	12,035	319,895	83,185
Hamilton	11,600	44,950	557,250
London	21,995	37,985	50,225
Ottawa	47,540	38,440	96,810
Toronto	805,352	1,197,314	2,630,181
Winnipeg	12,900	30,100	76,500
Regina	630	12,450	25,728
Saskatoon	600	10,695	2,100
Calgary	13,008	15,934	57,700
Edmonton	5,960	13,485	4,890
Vancouver	53,660	111,893	215,900
Victoria	12,226	10,159	23,368

Good Showing Iron and Steel Feature Week

High pig iron production in December features Canadian business statistics released during the past week. Output was greater than in any other months of 1932. December steel production, although down from November, was nearly 50 per cent greater than in 1931. Statistics of the week are as follows:

Monthly	Dec., '32	Change From prev. period %	Change From prev. year %
Pig iron prod., tons	27,031	+91.0	+90.0
Steel ingot prod., tons	30,755	—17.1	+47.6
Autos. financed, No.	8,619	—15.7	—26.2
$	1,124,686	—15.5	—38.4
Auto. prod. (total) .. No.	2,189	—3.0	—10.0
For export, No.	811	—52.9	+95.4
	September, '32		
Gasoline sales, .. gal.	63,606,000	+3.4	...
Weekly*			
Carloadings, No.	32,626	+21.8	—18.6
Wheat stocks .. bu.	231,200,967	—2.4	+16.5
Wheat exports .. bu.	5,465,411	+97.4	+67.5

*Weeks ended Jan. 14, Jan. 14 and Jan. 13 respectively.

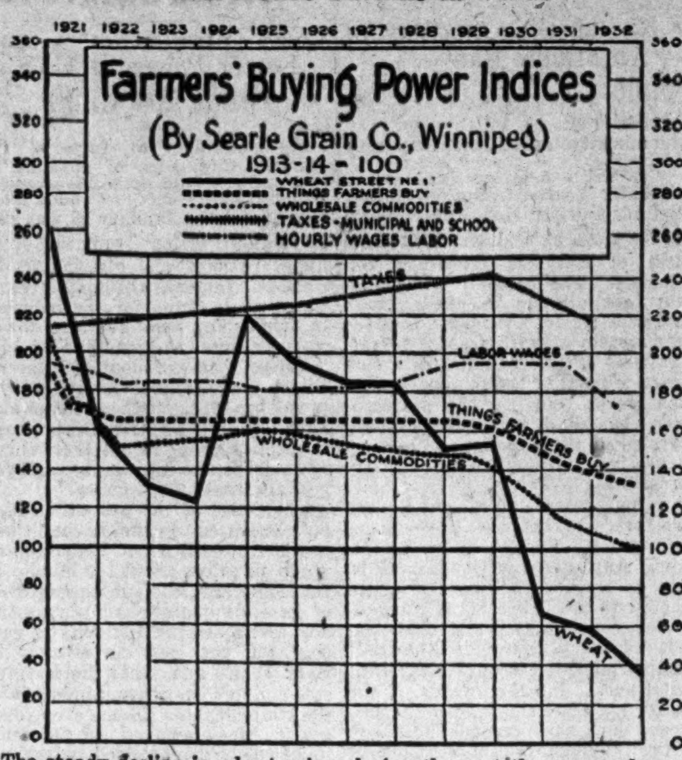
Business Briefs

Lumber Mills of British Columbia operated at 19.3 per cent of capacity during the week ended December 24, compared with 17.3 per cent in the previous week and 17.1 per cent in the same week of last year. Of the 322 mills reporting to the West Coast Lumbermen's Association, 227 were reported as down and 95 operating.

Carloadings for the week ended Jan. 14 amounted to 32,626 cars, an increase of 5,844 cars from the previous week and compared with 40,061 cars in the same week of 1932. The increase from the previous week was less than the usual seasonal rise and the index dropped from 60.10 to 59.73.

Canadian Wheat Stocks for the week ended Jan. 14 amounted to 231,200,967 bu., a decrease of 5,650,906 bu. from the previous week, but larger than the 198,650,529 bu. recorded in the same week of last year.

Farm Dollar Shrinks in Value



The steady decline in wheat prices during the past three years has not been accompanied by a similar decline in the price of things farmers buy with the result that, at the close of 1932, the buying power of grain growers had been cut by over 70 per cent of the 1914 level. The chart based on figures prepared by the Searle Grain Co., of Winnipeg, shows the relative "spread" in various groups of prices.

Farmer's Buying Power Down 73 p.c. Since 1914

Compilation of Searle Grain Co., Winnipeg, Shows Plight of Western Farmer Who Relies on Wheat Growing

Farm purchasing power in Western Canada, as indicated by the relationship between wheat prices and the cost of things farmers buy, had fallen 73 per cent below the 1914 level on November 30, 1932, according to an exhaustive compilation made by the Searle Grain Co. of Winnipeg The results of the compilation clearly show the disproportionate decrease in what prices compared with those for manufactured goods. In arriving at this result all prices were expressed on the base of the average for 1913-1914 equals 100.

It is important to note that the 73 per cent decrease on November 30, 1932, is based on the price on this day and therefore cannot be taken to represent the drop in purchasing power of farmers for the year. No calculation has been made on the basis of the average price for 1932 which was 39⅞ cents for No. 1 Northern at 25 cent freight rate point compared with 24¾ cents on November 30.

Complete Results

In the following table the indices arrived at are set forth and, in addition, elsewhere on this page, the figures are charted to give a graphic picture of the trend since 1922.

Indices of Wheat Prices and Commodities

	—Wheat Prices— *Actual $ c	Index No.	Hourly Wage Industrial Labor Index No.	Things Farmers Buy Index No.	Wholesale Commodities Index No.	Municipal School Taxes Index No.	Purchasing Power of Wheat Over Things Farmers Buy % of 1914
1913	..	...	100	...	100	...	...
1914	.66¾	100	101	100	102	100	100
1915	1.10	165	101	110	110	...	150
1916	.91	136	106	132	132	...	103
1917	1.83	274	119	156	178	...	175
1918	1.99	298	143	176	199	...	169
1919	2.02½	303	165	190	209	...	159
1920	2.41	361	198	215	244	213	167
1921	1.77⅝	266	191	171	172	...	155
1922	1.07¼	161	182	165	152	...	98
1923	.88½	133	183	166	153	...	80
1924	.82½	124	184	166	155	...	74
1925	1.46⅝	220	180	166	160	...	132
1926	1.29⅛	193	181	166	156	...	116
1927	1.24⅛	186	184	166	153	...	112
1928	1.24¼	186	187	166	151	...	112
1929	1.02	152	193	166	149	241	91
1930	1.03⅜	155	194	157	135	...	98
1931	.44¼	66	192	143	113	216	46
1932	.39⅞	...	...	...	...	...	...
1932 (Nov. 30)	.24¾	36	175†	132	101	...	27

* Price No. 1 Northern, 25 cents shipping point.
† As of July, 1932, subject to slight correction.

Details of "Things Farmers Buy" Index

	Groceries 16 items	Clothing 37 items	Household Equipment 29 items	Farm Equipment 51 items	Farm Machinery 11 items	Munic. Taxes 2 items	Weighted Total 146 items
1914	100	100	100	100	100	100	100
1920	223	263	200	191	165	213	215
1929	154	183	173	145	165	241	166
1932	106	122	158	[illegible]	161	216*	132

* Taxes for 1931.

‡Items included in the above indices were compiled as follows:

Wheat is annual average street price at country elevator, No. 1 Northern, 25 cent freight rate point.

Things Farmers Buy consist of 146 of the most important items a farming family of 5, mainly engaged in wheat production on a half section of land in Western Canada, would purchase on the average during the course of a year. Each item has been separately weighted—that is to say, account has been taken of the number of certain items, or the percentage of certain other items, that would be purchased by the average family during the course of a year.

Taxes include levy per acre, school and municipal only, taken from published annual accounts, Department of Municipal Affairs, Governments of Alberta, Saskatchewan and Manitoba. Final figures have been weighted according to assessed acreage in each province.

Wholesale Commodity Prices from the Dominion Bureau of Statistics index, 1913 equals 100, 236 items.

Hourly Wages of Labor—Dominion Department of Labor index from 1913 to and including 1931. The July 1932 figure has been calculated from the decrease from the 1931 average to July, 1932, figures of the U. S. A. National Industrial Conference Board.

The wheat price index reached a maximum in 1920 when the figure rose to 361 and, while dropping 100 points in the following year it maintained its position above 150 until 1931 when it slumped to 66, to plunge still lower in 1932 to 36. While wheat acted in this manner, the "things farmers buy" index kept pace on a slightly lower plane until 1931. This index also reached a high point in 1921 but the figure was only 215 and from that time made a steady, though relatively slight, decline to a figure of 157 in 1930, the farmer's purchasing power at that time being 98 per cent of the 1914 standard. In 1931, however, the "things farmers buy" failed to keep pace with the slump in wheat prices dropping only to 143 and to 132 in 1932.

BUSINESS INDEX DOWN 12.5 POINTS JAN. TO DEC., 1932

Steady Employment Index Reassuring Factor, However

By SYDNEY B. SMITH

Despite the moderate gain in business operations about mid-year, the net decline during 1932 was of considerable magnitude. As the business index was 74.1 in December compared with 86.6 in January, it will be seen that 1932 will go down in history as a period of marked decline in productive enterprise. The drop from January to December was 12.5 points, while a decline of 13.6 points was shown in 1931 compared with a drop of no less than 16.8 points in 1930.

Measured in this way the business reaction is slowing up but it must be admitted that the decline was sufficiently severe in 1932 to cause serious concern. Production at the present time is greatly below normal requirements and the consequent shortage of commodities which will soon become more evident will be one of the main factors in recovery. The bright spots in the December situation included mineral production, foodstuffs, and employment. Construction, wood and paper and railway traffic showed further reaction resulting in a decrease in the business index from 75.7 in November to 74.1 in December.

Employment Gains

The steady character of employment after seasonal adjustment during the last six months is one of the reassuring factors. The decline was temporarily halted in July, and since that time the index has fluctuated within narrow limits recording, with the usual adjustment, an interesting gain on January 2.

The index of mineral production was 90.5 in December compared with 86.4 in the preceding month. Shipments of gold moved up from 248,600 ounces in November to 260,500 ounces in the month under review, whereas a decline would have been normal for the season. The gain in gold production continues to be a source of elation. The increased activity in base metals was also a feature in December, gains being recorded in the exports of copper, lead and zinc. The export of the better grades of asbestos was 5,449 tons compared with 4,108 tons in November. The output of coal was 1,160,000 tons compared with 1,263,000.

Milling Industry Active

With two exceptions, the ten factors showing the trend of the industries engaged in production of foodstuffs recorded general gains. The milling industry is more active in the current period, special gains being shown by wheat flour and rolled oats. Production of sugar showed a gain, the output being 122,457,000 pounds compared with 115,874,000. The meat packing industry continued active until the end of the year, slaughterings of cattle, sheep and hogs showing gains in December after seasonal adjustment. Canned salmon exports were in heavier volume.

The release of tobacco for consumption showed decline in December, the reduction in the excise rate on cigarettes from six dollars per thousand to four dollars per thousand effective October 13 probably accounting for the heavier release of cigarettes in November. The output of tires was at a low level and the reduction in the imports of crude rubber was pronounced. Imports of raw cotton were 13,819,000 pounds compared with 15,376,000 in November. Imports of wool for further manufacture were 1,283,000 pounds compared with 1,070,000 and imports of cotton yarn showed a gain.

Newsprint Quiet

Newsprint production was disappointing, dropping to 138,700 tons compared with 161,300 in November. Exports of planks and boards showed a gain after seasonal adjustment. The output of pig iron increased to 27,031 compared with 14,147 tons, while production of steel ingots was down moderately. Motor car production was at a low level, a slight gain being shown over November. Coke production registered a gain for the current period. Imports of crude petroleum were 32,808,000 gallons compared with 51,706,000. The index of manufacturing production showed a decline, the standing in December being 70.2 compared with 72.3. The construction industry obtained less new business in December than in any month for some years. Moderate decline was shown in the output of electric power, the index being 131.4 compared with 134.4 in November.

Carloadings were 152,562 compared with 192,575, most of the decline being explained by seasonal considerations. The gain in trade employment was greater than normal for the season. Exports were more than maintained after the usual adjustment while imports reached a lower point. Bank debits at $2,085,000,000 showed sharp decline, the index after price adjustment being 86.2 compared with 96.6.

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Lloyd Refining Co. Ltd., has purchased 14 acres of land on the waterfront at Port Credit, Ont., and plans to erect a plant capable of producing 57,000 gallons of oil per day. Tanks with a total capacity of 5,000,000 gallons will be installed.

Remington-Rand, Limited, recently formed Canadian subsidiary of the well-known United States manufacturers of office equipment and supplies, has leased floor space in Toronto to establish a plant. The Canadian company is a consolidation of Remington Typewriters, Limited, Dalton Adding Machine Co. of Canada, Ltd., and the C. L. Turnbull Co., Ltd.. all of Toronto and the Remington-Rand, International, Ltd., of Niagara Falls, Ont., all of whose operations will now be centred in the new Toronto headquarters.

Tilley - Williams, Limited, shoe manufacturers, have commenced operations in New Toronto. The company is an offshoot of Charles Tilley & Son, Ltd., Toronto, which recently gave up shoe manufacture to concentrate on polishes and findings. George C. Williams is president and manager of the new concern.

George S. Morrison and James A. Morrison, Jr., are erecting a plant in Summerside, P.E.I., for the manufacture of non-alcoholic carbonated beverages.

Kellogg Co. of Canada, Ltd., London, Ont., announces the addition to its existing plant of a building to house the machine shop, mechanical department, stores and restaurant, previously in the main building. The approximate cost will be $75,000.

W. J. Browne & Co., Norval, Ont., millers and flour exporters since 1877, have just opened the first plant in Ontario for the manufacture of malt flour.

THE MANUFACTURERS LIFE INSURANCE COMPANY

HEAD OFFICE - TORONTO, CANADA

Established 1887

FINANCIAL STATEMENT FOR THE YEAR ENDING 31st DECEMBER, 1932

ASSETS

BONDS		
Government, Government Guaranteed and Municipal Bonds	$30,653,505.36	
School and Rural Telephone Bonds	2,529,099.05	
Public Utility and other Bonds	13,845,419.40	
		$ 47,028,023.81
PREFERRED AND COMMON STOCKS		
Preferred Stocks	$ 888,284.30	
Common Stocks	1,429,067.83	
		2,317,352.13
FIRST MORTGAGES ON REAL ESTATE		
City Properties	$24,030,393.37	
Farm Properties	8,930,109.95	
		32,960,503.32
LOANS ON THE COMPANY'S POLICIES		
Loans made to policyholders on the security of their policies in accordance with the provisions of the Company's policy contracts		23,688,280.84
HEAD OFFICE PROPERTY, OTHER REAL ESTATE AND SALE AGREEMENTS		
Head Office Property	$1,050,000.00	
Other Real Estate	1,542,004.90	
Sale Agreements	714,849.98	
		3,306,854.88
SUNDRY ASSETS		13,803.87
CASH ON HAND AND IN BANKS		1,899,929.97
TOTAL LEDGER ASSETS		$111,214,748.82
OTHER ASSETS		
Due and accrued interest	$2,834,090.44	
Deferred and outstanding premiums	3,677,196.88	
Due from other companies on policies reinsured	60,590.00	
		6,571,877.32
		$117,786,626.14

LIABILITIES

POLICY AND ANNUITY RESERVES		
The actuarial liabilities of the Company in respect to its policy and annuity contracts		$101,281,842.00
DEATH AND DISABILITY CLAIMS AWAITING PROOF		
Claims of which the Company has received notification but for which the necessary documents are not yet complete		695,453.00
PROVISION FOR UNREPORTED DEATH AND DISABILITY CLAIMS		
A reserve fund for death and disability claims which may have occurred during the current year but notification of which has not been received by the Company		225,000.00
OTHER LIABILITIES TO POLICYHOLDERS		
Policy proceeds and dividends left on deposit with the Company by policyholders and beneficiaries and miscellaneous credits to policyholders' accounts such as premiums paid in advance, accrued interest on funds left on deposit, etc.		3,138,067.00
STAFF PENSION FUND		
The accrued liability of the Company in respect to the pension scheme to which the Company and its employees jointly contribute		582,782.73
GOVERNMENT TAXES ACCRUED		
Provision for Federal, Provincial and State taxes payable in 1933		300,000.00
SUNDRY LIABILITIES		
Accrued rents, salaries, commissions, agency balances, etc.		265.741.45
SHAREHOLDERS' FUND		
Fully-paid capital stock of $1,500,000 plus balance standing to the credit of the shareholders' account		2,165,639.37
SPECIAL RESERVES AND SURPLUS		
Contingency Reserve	$ 750,000.00	
Reserve for Dividends to Policyholders	5,532,526.00	
Surplus	2,849,574.59	
		9,132,100.59
		$117,786,626.14

J. H. LITHGOW,
General Manager and Actuary.

AUDITORS' CERTIFICATE

We have audited the accounts of the Company for the year ending 31st December, 1932. We have verified the Cash and Bank Balances and the Securities (valued within the requirements of the Dominion Government) and have accepted the certificate of the Company's Actuary for the policy reserves and liabilities to policyholders, subject to which we certify that in our opinion the foregoing Balance Sheet exhibits a true and correct view of the Company's affairs at 31st December, 1932.

H. D. LOCKHART GORDON, F.C.A.
R. J. DILWORTH, F.C.A.
of Clarkson, Gordon, Dilworth, Guilfoyle & Nash,
Chartered Accountants.

TORONTO, JANUARY 18th, 1933.

INSURANCE IN FORCE - $526,253,121.

Province of Nova Scotia

4½% Non-Callable Debentures

Due November 15, 1960.

Principal and interest payable in Canadian or United States funds.

Price: at Market, to yield about 4.60%

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Commodity Prices

Commodity Prices at Wholesale‡
(N. Y. unless otherwise stated)

	Week ending Jan. 21	Previous week	Same week last yr.
Cattle (cwt.) (Toronto)	$4.75	$4.90	$6.50
Copper, lb.	.05	.05	.07¼
Cotton, lb.	.0625	.0625	.0679
Rubber, lb.	.0296	.0303	.0426
Silk, lb.	1.22½	1.27½	1.95
Sugar, raw, lb.	.0267	.0273	.0308
Wheat (Man.) bu.	.43⅜	.43¼	.55⅞
Hides, lb.	.05½	.05½	.07½
Coffee, lb.	.08¼	.08¼	.07⅞

Weekly Indices *

N. Y. Annalist	82.8	83.9	94.0
Fisher's	56.4	57.3	†72.6
N. Y. Journal of Comm.	52.8	54.7	60.0
Crumps (Brit.)	61.5	61.2	†64.9

*N. Y. Annalist base, 1913, others, 1926.
†Average 1931.

Monthly Indices

	Latest	Prev. month	Same month last year
Canada (D.B.S.) w'sale (Dec.)	64.0	64.8	70.6
Retail (Dec.)	80.4	80.4	89.6
U.S. Labor (Nov.)	63.9	64.4	70.2
Gt. Brit. (Nov.)	68.2	68.2	71.8

‡Basis of price quotations is as follows: cattle—steers, good, over 1,050 lbs., top price, Toronto; copper—electrolytic, New York; cotton—middling upland, New York; rubber—smoked sheets, spot closing, New York; silk—Japanese, 13-15, New York; sugar—96 degree centrifugal c/f New York; wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; coffee—Rio, No. 7, spot, New York.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1932-33	1932-31	Cumulative Jan. 1 to date 1932	1931
Transportation—				
Car loadings (Jan. 14)	32,626	40,061	59,408	79,026
C.P.R. gross earn. (Jan. 14)	$ 1,551,000	$ 2,049,000	$ 3,149,000	$ 4,101,000
C.N.R. gross earn. (Jan. 14)	$ 1,865,160	$ 2,491,402	$ 3,589,221	$ 4,872,479
	Monthly			
C.P.R. net earn. (Nov.)	$ 3,324,291	$ 4,565,874	$ 17,779,235	$ 21,834,204
C.N.R. net earn. (Nov.)	$ 1,038,581	$ 2,084,481	$ 10,164,170	$ 7,491,999
Iron and Steel—				
Pig iron, tons (Dec.)	27,031	13,862	144,130	420,038
Steel, tons, (Dec.)	30,755	20,969	342,788	672,109
Automobiles prod., No. (Nov.)	2,204	1,247	58,677	80,182
Automobile exports, No. (Nov.)	1,486	480	11,890	14,236
Construction—				
Building permits (Dec.)	$ 1,480,731	$ 7,895,106	$ 39,403,306	$ 112,222,845
Contracts (December)	$ 4,190,000	$ 11,257,300	$ 132,872,400	$ 315,482,000
Newsprint—				
Production, tons (Dec.)	138,682	165,173	1,907,566	2,221,454
Exports, tons (Dec.)	136,993	161,835	1,776,758	2,008,238
Sugar—				
Imports, raw, lbs. (Dec.)	22,371,400	46,338,100	674,635,900	798,359,500
Melt & ship, lbs.*	37,750,363	49,098,775	854,402,512	906,972,511
Manufactured, lbs.*	61,344,717	61,612,767	956,289,254	982,132,339
Flour—				
Production, bbls. (Nov.)	1,942,844	1,812,457	13,455,365	15,498,215
Wheat flour exp. bbls. (Dec.)	492,033	451,310	5,131,791	5,697,224
Other Industrial Indices—				
Lumbering: Plank & board exports, mill ft. (Dec.)	38.54	56.65	675.12	937.73
Boots and shoes, pr. (Nov.)	1,361,334	1,254,696	16,901,154	16,544,082
Petroleum, imp. crude, gal. (November)	51,710,000	93,140,000	857,037,119	955,553,901
Cotton, imp., raw, lbs. (November)	15,376,000	15,451,000	83,587,000	83,374,000
Rubber, raw, imp., lbs. (Nov.)	3,568,000	2,761,000	44,745,961	51,089,185
Coal, imports, tons (Nov.)	1,508,202	1,414,082	10,779,792	12,506,644
Gasoline sales, gals. (Aug.)	61,518,000	63,434,322	326,269,000	360,909,322
Trade—				
Imports (December)	$ 29,025,434	$ 40,289,795	$ 452,678,492	$ 628,098,386
Exports (December)	$ 42,615,796	$ 53,255,476	$ 493,916,338	$ 605,336,003
Wheat exports, bus. (Dec.)	27,735,999	22,355,975	228,220,755	194,024,865
Labor—				
Employment Index (Dec.)	88.2	99.1	......	......
Electric Power—Output—				
M. Kilowatt hours (Nov.)	1,447,857	1,415,020	14,445,123	14,951,256
Finance—				
Failures, No. (Oct.)	199	226	1,807	1,941
Failures, Liabilities (Oct.)	$ 3,439,000	$ 12,378,396	$ 34,401,000	$ 45,260,019
Bank debits† (Nov.)	$ 2,466,300	$ 2,841,833	$ 23,759,669	$ 28,948,345
Bond sales (Dec.)	$ 265,700	$ 1,910,260	$ 374,529,058	$ 611,037,497
Insurance sales (Dec.)	$ 33,483,000	$ 47,163,000	$ 403,923,000	$ 489,312,000
Automobile Financing:				
Used cars (Dec.)	$ 652,725	$ 1,003,073	$ 13,116,991	$ 21,071,707
New cars (Dec.)	$ 471,961	$ 823,881	$ 12,736,918	$ 20,869,547

*Four weeks' period, Dec. 10 to Dec. 31.

NOTICES

Modern very efficient European Factory of Wall and Floor Tiles wishes to get in touch with capable Import Firm in Canada having good connections in these particular lines, for the sale of their products in the Dominion. Offers with references. Box 169 MacLeans, 2 Cockspur St. London, Eng.

POSITION WANTED

Fifteen years experience as manager several food manufacturing companies, age forty, excellent health, conservative habits, good references. Box 107, The Financial Post, 143 University Ave., Toronto.

Advertising Manager
Seeks New Connection

36 years old. Alert. Resourceful. Capable. Experienced in directing retail publicity. Knows his public. Able to produce business for you. Enquiries treated confidentially. Write Box C, Advertising Club of Montreal, Mount Royal Hotel.

Shareholders' Lists Wanted
Unlisted, Insurance and Industrial Stocks
Box 106
The Financial Post
Toronto

DIVIDEND NOTICES

Quebec Power Company

Notice is hereby given that a dividend of Twenty-five cents (25c) per share has been declared on the no par value common shares of the Company for the quarter ended December 31st, 1932, payable February 15th, 1933, to shareholders of record January 27th, 1933.

By Order of the Board,
JAMES WILSON,
Secretary.

Montreal, January 20, 1933.

MacKinnon Steel Corporation
LIMITED

Notice is hereby given that a dividend of eighty-seven and one-half cents ($0.87½) for the quarter ending January 31, 1933, has been declared on the 7% CUMULATIVE CONVERTIBLE FIRST PREFERRED STOCK of the company, payable February 1, 1933, to shareholders of record January 27, 1933.

By order of the Board.
J. M. S. MACDONALD,
Secretary.

Montreal, January 19, 1933.

The Canadian Bank of Commerce

Dividend No. 184

Notice is hereby given that a dividend of Two and one-half per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 28th February, 1933, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st March next, to shareholders of record at the close of business on the 31st January, 1933. The Transfer Books will not be closed.

By Order of the Board,
S. H. LOGAN
General Manager.

Toronto, 20th January, 1933.

George Weston Limited

Preferred Dividend Number 20

NOTICE is hereby given that a dividend of one and three-quarters per cent. for the three months ending 31st January, 1933 (being at the rate of Seven per cent. per annum), has been declared on the 7% Cumulative Redeemable Preference Shares of the Company, and will be payable on and after 1st February, 1933, to the Preferred Shareholders of record at the close of business on the 20th day of January, 1933.

CHARLES W. KERR,
Secretary.

Toronto, January 14th, 1933.

BANK OF MONTREAL
Established 1817
DIVIDEND No. 279

NOTICE is hereby given that a DIVIDEND of TWO AND ONE-HALF per cent., upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after WEDNESDAY, the FIRST day of MARCH next, to Shareholders of record at close of business on 31st January, 1933.

By Order of the Board,
W. A. BOG, General Manager
JACKSON DODDS, General Manager

Montreal, 20th January, 1933.

The Bank of Toronto
Dividend No. 206

Notice is hereby given that a Dividend of Two and One-Half per cent upon the Paid-Up Capital Stock of this bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the first day of March next, to shareholders of record on February fifteenth, 1933.

By Order of the Board.
H. B. HENWOOD,
General Manager.

Toronto, January 18th, 1933.

The Royal Bank of Canada
DIVIDEND NO. 182.

NOTICE is hereby given that a dividend of two and one-half per cent. (being at the rate of ten per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday, the first day of March next, to shareholders of record at the close of business on the 31st day of January, 1933.

By order of the Board.
M. W. WILSON,
General Manager.

Montreal, Que., January 13, 1933.

PRESS FAVORS BEATTY'S PLAN FOR RAILWAYS

Majority of Commenting Editors Either Favorable or Friendly

SOME OPPOSITION

Opponents Fear Creation of Monopoly Would Have Unfavorable Effect on Public

Opinion of over 40 Canadian newspapers, from coast to coast, appears to be in favor of at least serious consideration of the E. W. Beatty plan of amalgamation of Canada's two great railway systems as recently expressed at the Canadian Club, Toronto. There is not an inconsiderable proportion of press opinion against the proposal also, judging from editorial expressions in this group of papers.

There seems to be approximate agreement among these newspapers that some decisive measures should be taken at once to alleviate the present railway burden of this country, and there is frequent suggestion that the report of the Duff Commission was based on political expediency. Few papers suggest that Mr. Beatty is not sincere in considering the best solution for all parties. Fear of the possible ill results of a railway monopoly is expressed by press opponents of amalgamation.

Papers in Favor

Among the papers favoring Mr. Beatty's suggestion are the Ottawa Citizen and the Montreal Gazette. The Citizen states: "Mr. Beatty's view that the railways should be amalgamated into one system with one management is obviously in accordance with the general movement, as it is coming throughout the world, toward industrial reconstruction." "This," the Gazette says, "is far and away the most candid, constructive and striking contribution to the discussion of our transportation problem that has yet been made. Mr. Beatty's speech is one which every Canadian should read, and upon which he should then reflect soberly and seriously."

The Victoria Colonist says: "The argument built up by Mr. Beatty must have a strong appeal to the taxpayers as a whole. It is put forward with a single eye to what is for the best in the country's interests and in the interests of the railway companies concerned."

"Clears the Air"

The Vancouver Sun thinks Mr. Beatty has "cleared the air:" "President Beatty's outline of a plan to merge two railway lines of Canada may not constitute or even precede a complete unification of railway operations. But it certainly does clear the air and clear the way for a co-operative effort to eliminate and reduce some of the expensive duplications with which the railway system in Canada has been plagued."

The Lethbridge Herald urges consideration of the Beatty scheme: "With no solution reached, Mr. Beatty's address should be read and digested. Most of it is a record of railway history that is beyond dispute. The solution he offers leaves the Canadian Pacific Railway dominant, it is true, but if there is to be consolidation there must either be a publicly-owned system or a privately-owned system. That is the issue. The Duff Commission did not settle it."

The Brantford Expositor "doubts that the Duff Commission has offered an adequate solution and believes that the only way to completely eliminate unnecessary and wasteful competition would be to operate the two roads, perhaps for a limited period, under unified control."

"Timely Call for Action"

The Saint John Times-Telegraph is awaiting developments: "Mr. Beatty's call for action is timely, and places upon Parliament, irrespective of political thought, responsibility for giving relief, not only to the taxpayers but to those who have made heavy investments, and the outcome of Mr. Beatty's representations will be awaited with interest." The Toronto Mail and Empire suggests that Mr. Beatty may have provided a solution: "The arguments advanced by the President of the Canadian Pacific Railway are surely such as to demand the careful consideration of every thoughtful business man—and of every taxpayer in the country. Has Mr. Beatty shown us the way out? In any event, he has given the people something to ponder over."

The Prince Albert Daily Herald appears to favor the merger but is impartial: "Let us argue this question out, dispassionately and fairly, and if amalgamation appears to offer the best way out of our railway difficulties, then let us adopt it. The Duff commission recommended against amalgamation. Why? Might it not be advisable to obtain a supplementary report from this body which proponents of the merger contend, discarded amalgamation as a remedy because they believed it impossible of accomplishment."

Not Optimistic

The Hamilton Herald is not optimistic about the possibility of solving the problem: "Those who hope some day to benefit personally from the present effete system object to any change, and only utter collapse will compel the adoption of a fool-proof order."

"The problem is one of enormous magnitude," says the Halifax Chronicle, "but whatever is done it is imperative that the railways be placed on a sound economic basis, and the taxpayers relieved of their burden. It is essential with our small population that the railways' mileage and service should not outrun the needs of the country."

The St. Thomas Times-Journal says: "Opinion is becoming doubtful of the practicability of keeping alive two systems, with their continued load upon both public and Government even to the menacing of the national credit, as well as doubtful of the hesitation of the Duff Commission to commit itself to a sufficiently drastic solution." The London Free Press questions the public's attitude: "However, we doubt whether public sentiment at present would be prepared to support such a move. Still, if co-operation between the roads fails to relieve the burden, then the country may be compelled to consider the plan of Mr. Beatty."

Windsor Paper Approves

The Border Cities Star believes Mr. Beatty has solved the problem: "Mr. Beatty has offered a solution of the railway problem. He and his associates are prepared to discuss, with the Government, an actual working plan for the implementing of the principle outlined. Definite steps to this end should not be delayed."

The Toronto Labor Leader says that "E. W. Beatty . . . no doubt one of the best informed railroaders in the world, claimed the way out of the mess was the amalgamation of our two lines under one management, and The Labor Leader is inclined to agree with him." The Calgary Albertan concurs, and urges early action: "Out of the conglomeration of editorial comment on the Beatty plan one palpable fact emerges, that somehow in the immediate future amalgamation must be brought about if the Canadian people are to be protected."

Drastic Action Needed

The Halifax Herald says: "The gravity of the Canadian railway situation cannot be over-emphasized. It is a matter of serious concern for all Canadians. Drastic action appears to be essential if the tremendous burden is to be lifted from the shoulders of our people." The Vancouver News gives Mr. Beatty great credit for his contribution and says: "As one who knows the railway business of Canada as do few, if any others, he urges the drastic remedies he deems necessary regardless of every consideration except the salvation of the two great railway systems and of the state."

Outright Approval

Outright approval of amalgamation is expressed by the Galt Reporter: "There appears to be no course open but a merger of the two great systems." La Presse, of Montreal, is equally decisive: "This merger seems to be the best, the only means of getting out of the dilemma into which we are thrust."

The Sherbrooke Daily Record foresees calamity unless drastic action is taken: "We have taken no small part in the awakening to the danger of this major calamity, and have studied the problem from every angle, and we can sense the gathering storm if the problem is not settled fully, and not just covered by subterfuges, palliatives, and expediences." The Sault Ste. Marie Daily Star sees it as a business-like solution: "The one fact stands out that the Duff Commission's report was based on politics, while Mr. Beatty's arguments rest on the plain business requirements of the situation."

Indefinite Friendliness

Two outstanding examples of indefinite friendliness to the Beatty amalgamation plan are the opinions of the Regina Leader-Post and the Toronto Evening Telegram. The Leader-Post says: "It is conceivable that a continuance of the present depression might force the country into drastic steps not contemplated and not considered advisable in the past. This side of the case had better be looked squarely in the face and it will take time to get all the facts together and to appraise them as intelligently as possible.

"The point to be considered without delay by the people of Canada is that they have come face to face with the issue of railway amalgamation and railway monopoly. It is no longer an academic issue but one of hard politics. What are the people going to do about it?"

The Telegram states: "As put by the president of the C. P. R. the choice before Canada seems to be whether this country would best be served by two insolvent railroads or by one solvent road. The natural preference would be for two solvent systems, since belief in competition and public ownership is not dead, and since it is generally recognized that the privately-owned road has other claims to this country's benevolence than as its greatest taxpayer. But if overbuilding and over-production mean present ruin to both if separately operated, how is the gap to be bridged between the present period of depression and that indefinite time in the future when increased population and increased business will tax the capacity of every foot or rail?"

Doubtful Opponents

The Fredericton Gleaner sees opposition for the Beatty suggestion: "Although President Beatty has presented an excellent case for the proposed railway union, there also is a case against it and there is no doubt of the appearance of those who will place that case before the public." The Saskatoon Star-Phoenix is lukewarm: "All these matters may now be properly discussed since the amalgamation plan has been definitely placed before the public by the President of the Canadian Pacific Railway."

The Owen Sound Sun-Times says: "The address of President E. W. Beatty, of the Canadian Pacific Railway, in Toronto on Monday was a notable one. His idea of consolidation of the two railways, however, under the conditions which he names, will hardly meet with the approval of everyone."

Press Opposition

The Winnipeg Free Press reads ulterior motives into the Beatty plan: "When Mr. Beatty and Sir Herbert Holt declare for railway amalgamation in the same day's news the significance of the line-up is as plain as a couple of dividends."

The Winnipeg Tribune also opposes the scheme: "Amalgamation, even in Mr. Beatty's presentation of it, is a panic policy. The Canadian people are not panic-stricken. Many of them will venture to doubt if his outlook on the future of the Dominion is as dark as he pictures it." L'Evenement, of Quebec, is also against it: "Some say, 'We need a coup d'etat, stroke of State Policy, to save Canada from ruin.' Others claim, 'It is a sudden attack to put the national credit at the service of a trust more monstrous than all others.'"

Duff Plan Preferred

Le Devoir, of Montreal, favors the Duff plan: "Let us first of all make a trial of the Duff Commission's report, and of what they advised, including in such a trial the obligatory arbitral tribunal."

The Toronto Daily Star suggests ultimate nationalization of the C. P. R.: "A policy of economy in management and good sense in competition is the one to adopt. The eventual alternative is the nationalization of our entire railway service, but the time for that may not come until the steam railways finally prove a less attractive investment to private capital than rubber-tired transportation and the C. P. R. itself asks for nationalization."

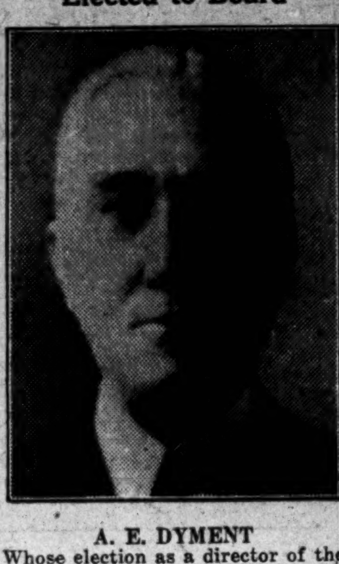
Le Soleil, of Quebec, says: "There is only one compromise, and that is closer collaboration between the two systems. Let both railways eliminate all useless competition and every superfluous expense. Let all duplicate services without exception be eliminated and let the C. P. R. itself be submitted to an authority. There is no other solution."

The Vancouver Daily Province fears the creation of a railway monopoly: "With the economics of the situation beyond dispute, why should Canada not accept the Beatty plan? For the same reason that Canada did not accept the Shaughnessy plan or the Senate plan. Canada is afraid. Canada is afraid of a single railway run by a private corporation. That would be a monopoly."

The Edmonton Bulletin does not approve of the Beatty plan: "Perhaps from the standpoint of the railways, that is the best, the easiest or the only way of handling the railway situation. From the standpoint of the public it seems to leave a good deal to be desired. The proposal looks too much like scuttling the ship to put out the fire."

The Toronto Globe says Canada needs both railways: "In spite of the faint-hearts, Canada needed the C. P. R. half a century ago, and brave men proceeded on that assumption. Canada needs both railways today." The Montreal Star is not sympathetic toward amalgamation: "The disadvantages of amalgamation have been set forth again and again, and there is no need to reiterate them at the present moment. If the full minutes of the Duff Commission's sittings could be given to the pubic, it is not at all improbable that they would strengthen the argument against amalgamation and the constitution of a railway monopoly in private hands."

Elected to Board



A. E. DYMENT

Whose election as a director of the Shawinigan Water and Power Co. is announced, has taken a prominent part in the industrial and financial development of the Dominion. He is chairman of the board of directors of the Canadian General Electric Co., a director of the Royal Bank of Canada, a director of the Montreal Trust Co. and of the Canada and Dominion Sugar Co. An ardent horseman, he is also president of the Ontario Jockey Club.

Ottawa Cash Not Available To Finance Soviet Deal

But Government Will Place No Obstacle in Way of Trading, 'Tis Said — Anthracite Ban Will Remain

From Our Own Correspondent

OTTAWA.—While the Government marks time on the Soviet barter proposal, being unwilling to risk public money to aid a private trading venture, the Winnipeg syndicate sponsoring the proposition is gathering a good deal of support in the Dominion.

In political circles it is well understood that Rt. Hon. W. L. M. King's reference, in his recent speech at Quebec, to the need of trading with any and every country, was aimed directly at Russia, was, in fact, an invitation to the Government to allow the cattle deal to go through.

Many Approve in West

The U. F. A., of Alberta has given the proposal its blessing, as have various livestock and ranchers' organizations in the West. Premier J. T. M. Anderson has given modified approval, and Premier John Bracken has endorsed the scheme more definitely.

Cabinet opinion is rapidly crystallizing in favor of a clear cut statement of Government policy with regard to Russia. The need of such a statement was stressed in The Post at the time the barter deal was first mooted, and most of the ministers agree that it is highly desirable.

The cattle deal has caused considerable heart-burning in cabinet and has exposed Hon. Robert Weir, minister of agriculture, to a good deal of criticism from his colleagues. The cabinet, really, has not been dilatory in dealing with the question for the reason that the announcement with respect to cattle came as just as much of a surprise to most of the ministers as to the general public. The presumption that the cabinet had been informed of the negotiations as they developed appears to be entirely erroneous.

From present indications it may be forecast that the Government will adopt a Russian policy as follows: Any citizen of Canada will be free to trade with Russia provided the terms of the present embargo—which covers anthracite coal—are not invaded, and provided the trade can be financed without Government assistance. In other words, if the cattle syndicate can finance the proposed deal, can persuade Russia to forego payment in coal, the Government will place no obstacle in the way.

CROWN TRUST CO. REGISTERS GAIN FOR PAST YEAR

Assets Show Expansion Profits Higher Than Previous Period

From Our Own Correspondent

MONTREAL.—An increase in total assets and higher net profits are features of the statement of the Crown Trust Co. for 1932.

Profit and loss account reveals gross profits marginally lower at $203,437; a sharp cut in administrative expense; and earnings equal to $7.13 a share on the capital stock compared with $6.09 a share in the previous year. Dividends of 7 per cent were maintained throughout the year and $1,264 was added to surplus.

Profit And Loss Figures

Following is a comparison of profit and loss accounts for the past two years:

	1932	1931
Gross profits	$203,437	$204,771
Less expenses	132,173	143,863
Net profit	71,264	60,908
Less dividends	70,000	70,000
Surplus for year	1,264	9,092
Add prev. surplus	49,724	*58,816
Balance forward	$50,988	$49,724

*Adjusted.

Total Assets Increase

Balance sheet shows assets owned by the company at $2,154,935, up from $1,981,002 a year ago. Noteworthy is a gain in government, municipal, and school bonds which now total $608,323 compared with $168,003 at the end of the previous year. Call and time loans are down $236,000 at $161,702 and first mortgage loans show a decrease of $52,000 at $753,787. In guaranteed account first mortgage loans are slightly lower at $381,130 and call loans on bonds and stocks which formerly totalled $75,000 have been eliminated.

That the company's business has expanded during the year is indicated by an increase in estates, trusts and agency account which totals $21,926,012, an increase of $506,000.

In liabilities clients funds on deposit show a gain of $167,000 at $681,282. Capital stock and reserve funds are unchanged.

In his remarks to shareholders, William I. Gear, president of the company, stated that though business generally was less active an improvement became apparent during the last half of the year. Irving P. Rexford, general manager of the company, pointed out in his report that during the whole period of the depression the company had not lost a dollar of capital or interest on any investment or loan.

Internat. Proprietaries Earnings Are Maintained

In a letter sent out to shareholders of International Proprietaries Ltd. by Harold F. Ritchie, president of the company, it is stated that considerable progress has been made throughout the period of depression now being passed through. The company has been able to go along in an unrestricted manner in trading, but in exchange matters, the company has had a great deal of trouble owing to the embargoes placed upon the exportation of exchange or funds from these foreign countries. Nevertheless the company has been able to stand this and make a profit, while business has stood up phenomenally well.

Increases have been recorded in business in South Africa, United States and other countries, while corresponding decreases have been suffered in other countries. In all, business and net profits for 1932 will be practically the same as for 1931, Mr. Ritchie states.

GAINS REPORTED BY CROWN LIFE IN PAST YEAR

Business Issued and in Force Both Show Increase

Gains in business issued, business in force and in total assets are reported by Crown Life Insurance Co. in its 32nd annual report. New business issued is reported at $23,000,000 as against $21,763,000 a year ago while business in force is slightly higher than the 1931 figure at $137,180,000.

Premium income was slightly lower than a year ago but moneys received from interests and rents showed a gain. Average rate of interest earned on investments was 5.96 per cent as compared with 6.19 per cent in 1931.

Mortality rate according to the report was lighter than in 1931 but due to an increase in surrendered policies, total payments to policyholders and beneficiaries nearly $400,000 to $2,494,000.

With over half its assets invested in mortgage loans the company reports interest collections on these loans as in arrears by less than one-eighteenth of one per cent as at December 31. Government and municipal bonds represent 20 per cent of total assets and public utility bonds 6 per cent these being shown in the company's balance sheet at values authorized by the federal insurance department.

Comparative figures for leading items follow:

	1932 $	1931 $
New Business		
New ins. issued	23,000,859	21,762,533
Bus. in force	137,180,619	136,684,208
Income & Disbursements		
Prem. inc.	4,026,076	4,041,424
Interest & rents	967,777	930,086
Pay. to policyh'ldrs.	2,494,130	2,109,510
Assets and Liabilities		
Mortgages	7,468,777	7,223,026
Gov. & mun. bonds	3,593,495	3,083,332
P. U. & ind. bonds	1,107,799	1,230,780
Policy loans	3,461,840	2,928,441
Total assets	17,892,631	16,654,078
Policy reserves	16,474,651	15,519,395
Free surplus	383,025	487,425

CONTINENTAL LIFE HAS $37,000,000 INS.

Business Issued in 1932 Totals $5,692,000 — Assets Up

New business issued during 1932 by Continental Life, including reinstatements totalled $5,691,841, according to the company's annual report for that year. The corresponding figure for 1931 was $6,516,555. Total business in force now stands at $37,432,000 a decline of $1,400,000 from the 1931 total.

Assets are higher at $7,722,928 of which $2,350,300 is represented by mortgages, $2,671,370 by bonds and debentures and policy loans of $1,451,400. These assets it is pointed out are carried in the balance sheet at an amount considerably below authorized values.

Free surplus exclusive of capital stock and allottment to deferred dividend policies stands at $374,000 an increase of $27,000 from a year ago. Total funds are now the highest in the company's history, it is reported.

The average rate of interest earned on investments was 5.80 per cent which compares with 5.95 per cent in 1931.

Comparative figures for leading items follow:

	1932 $	1931 $
New Business		
New bus. issued*	5,691,841	6,516,555
Bus. in force	37,432,865	38,808,461
Income & Disbursements		
Net prem inc.	1,144,699	1,217,153
Int., rents, etc.	448,192	453,091
Pay. to policyh'drs.	913,381	814,563
Assets and Liabilities		
Assets	7,722,928	7,538,903
Mortgages	2,350,301	2,298,581
Bonds & debs.	2,671,370	2,584,618
Policy loans	1,451,389	1,325,551
Stocks	267,596	256,854
Free surplus†	374,031	347,930

*Including reinstatements.
†Exclusive of capital stock of $200,000.

Would Not Foreclose on Cons. Oka Sand & Gravel

Following investigation by National Trust Co. of Consolidated Oka Sand & Gravel Co., a letter has been forwarded to holders of the 6½ per cent first mortgage bonds stating that in the opinion of the trustee for the bondholders foreclosure proceedings at the present time would be ill-advised. It is believed that in the interest of the bondholders, the business should be continued by the company itself for the time being and that no good purpose would be served by calling a meeting of bondholders.

An investigation of Consolidated Oka Sand & Gravel Co. was made by Edward FitzGerald, formerly of Dominion Steel & Coal Co., and M. Brocklebank, of National Trust Co., following failure of Consolidated Oka Sand & Gravel Co. to pay interest due November 1, 1932, on the first mortgage bonds of which there is some $671,000 outstanding. The report made states that the company, in common with practically all industries is showing the effects of the existing depression; that the quality of washed river sand produced is excellent for building purposes; that the company is under competent direction and is a basically sound business.

OIL COMPANIES SELL GASOLINE AT LOWER PRICE

Over-production and Lower Prices of U. S. Crude Are Cause

Announcement of Imperial Oil officials that price of gasoline of all grades would drop 1½ cents a gallon in every part of Canada from the morning of January 23 was met by similar action from all other major refiners and distributors in Canada. Imperial Oil has for many years really acted for the industry in announcing price changes downward because, as explained by Victor Ross, vice-president of Imperial Oil at the gasoline enquiry at Ottawa in 1932, "Other companies have to follow Imperial Oil in drops in price in order to get their share of business and they cannot sell for less and make any money."

The cause of the present decline may be traced as usual to conditions in the United States. Reduction of crude oil prices about the middle of December last, the subsequent drop of gasoline quotations from profitable levels and the difficulty of getting 100 per cent curtailment in East Texas and other fields have cast a gloom over the oil industry in the United States. Some even foresee a breakdown of curtailment, followed by demoralized petroleum markets and a situation where only the fittest companies could survive.

Refiner Gets Little

Tax evasion, accompanied by price cutting and secret discounts, are also creating difficulties for the trade in general. It was stated in the Wall Street Journal of January 17, 1933, that on regular grade gasoline selling at 14 cents a wine gallon at retail in Chicago, the refiner gets only 4 cents for his product upon granting a 6 cent discount, as the other 4 cents are absorbed by the state and federal taxes. Out of that 4 cents for the refiner, freight of 2.44 cents is paid, leaving him net of 1.56 cents a gallon. The trade argues that it is almost impossible to produce gasoline for less than 2½ cents a wine gallon.

The recent drop in crude oil prices was brought about by the falling demand usual to the winter season. Eighty per cent of the United States crude output comes from California, Texas and Oklahoma and proration measures are in force in all three. Texas and Oklahoma curtail by law and California by voluntary agreements. The immense number of producers, among whom allotments have to be scattered, presents very difficult problems to the working out of the proration plans. It is easy to calculate what oil production should be to meet the demand but not so easy to prevent a number of producers trying to beat the game. That proration has been only partially successful is shown by the fact that there is at present excess production in the mid-continent area in spite of curtailment measures. All agree that there is bootlegging both of crude and gasoline. Gasoline can be bought in Tulsa now for less than it costs to produce and retailers have to cut to meet the situation.

Price is Very Low

In California the curtailed production maximum was set at 450,000 barrels but it has been running at 470,000 barrels. Prices have been maintained there since last June but this overproduction is expected daily to bring notice of another reduction in prices. The 25 cents a barrel reduction on purchases of crude oil from Stanolind Crude Oil Purchasing Co., which applies to purchases of crude in Oklahoma, Kansas and north central Texas brings the range of quotations to 28 to 52 cents a barrel. This is the lowest price since the change on July 24, 1931, when the rise began from the lowest prices recorded of 10 to 22 cents a barrel posted on July 9, 1931.

PLAN TO MERGE PRICE BROS. WITH CONSOLIDATED PAPER

(Continued from page 1)

wood and power, Price Bros. and Co. can produce newsprint as cheaply as any company in the field. But it cannot make money without orders, and the manner in which it has lost contracts in recent months is slowly strangling what was the most prosperous company in the newsprint industry.

Consolidated Not Progressing

Turning to Consolidated Paper, examination of its position shows that the reorganization of 1931 has not brought in its wake the benefits expected at that time. This company, while free of bond interest charges until 1936, has a bank loan reported to be between $14,000,000 and $15,000,000. Its plant production has not shown any improvement in the last twelve months; operating ratio being less than 30 per cent of its rated machine capacity.

With this volume of production and the present price of newsprint, Consolidated Paper can hardly be expected to be making money. Nor is it. The financial report for the past year, expected around mid-year, is fully expected to show an operating loss.

Hearst Business Shrinks

When the reorganization of Canada Power and Paper Corp. was undertaken it was effected on the premise that the company would receive the Hearst business on the expiration of existing contracts. With that business and allowing for a selling price of newsprint of several dollars a ton lower than that prevailing at the time, the committee believed that Canada Power and Paper could be developed into a prosperous concern.

Great things were expected of Canada Power and Paper in its new form under the title of Consolidated Paper. No one anticipated, however, that the company would not get the Hearst contract in its entirety. Such is the case. International Paper renewed its contract with the Hearst buying organization. So did Anglo-Canadian. And when the other contracts approach their expiry date, it is needless to say that the holders are not going to give up the business without a struggle. Consolidated Paper held a fine umbrella over the industry in not going after tonnage when it had the chance and its competitors have taken advantage of the situation to consolidate and strengthen their own position.

Consolidated Paper has not lost all the business it expected to receive from Hearst, but the amount accruing to the company will undoubtedly be considerably less than was figured on in drawing up the plans of reorganization for Canada Power and Paper.

By merging Price Bros. and Co. and Consolidated Paper—two weak companies—a strong combination is expected. There are those who believe that this will be the case. There are those who believe otherwise. It remains to be seen whether the consolidationists will have their way, or whether the two companies will work out their own problems as individual companies.

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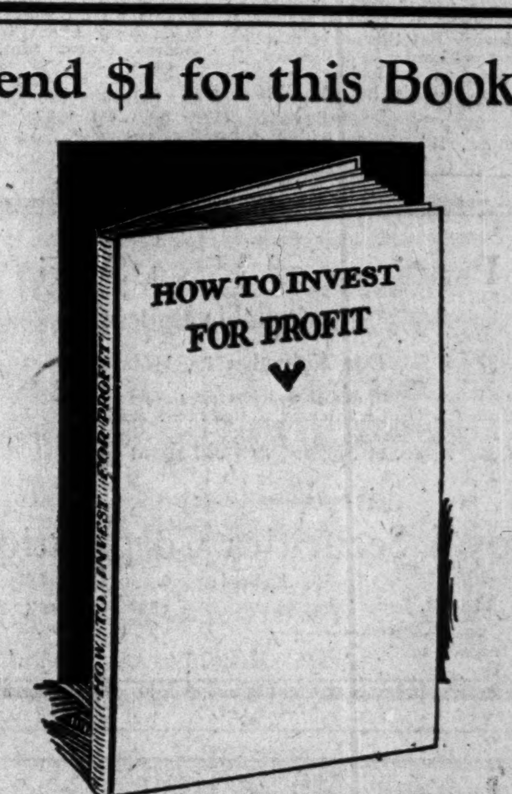

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Your Investments

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Financial Institutions Demonstrate Soundness And Confidence Grows

Greater Liquid Strength Makes Possible More Lending on Mortgage and Construction When Business Confidence Grows and Fear of Moratoria Abates—Important Services to Canada

In spite of the severe buffetings received during the last three years financial statements currently being issued by the chief trust, mortgage and loan companies indicate that the Canadian situation is still inherently strong.

Investors have been writing The Financial Post for some months with increasing disquiet because of the large amount of vague talk of possible moratoria on interest payments and have wondered how this would affect their deposits, their debentures, their guaranteed trust receipts and their holdings of stock in trust and loan, in mortgage and loan or in insurance companies.

Such action, if taken, would affect their investments undoubtedly but responsible provincial statesmen are indicating that, whatever action they take, they understand that more people would be harmed by such ill-considered action than would be aided. They know, in other words, that there are more debenture holders, more depositors, more holders of guarantee trust certificates and more policyholders in the aggregate several times over than there are mortgagors. Canada's reputation for sanity in the past is likely to be sustained by legislation of 1933 in the opinion of people who have talked with government officials in various parts of Canada.

Stronger Than Ever

Both large and small companies are issuing good statements and all of them are meeting the same difficult situation along lines tried by many decades of past experience. Naturally mortgage loans in this period of declining values have been declining. Though in Ontario there has been a moratorium on principal payments for those hard pressed, many have been paying off their principal just the same but new loans made have not been so numerous, first, because the demand for sound purposes is not so great, and second, because each company desired to make its liquid position as sound as possible.

Companies have all had one excellent outlet for funds in that government issues made for a time were at high returns equal to the net usually expected by companies from their mortgage investments. But it was also evident that these companies, as well as insurance companies, desired to make their liquid position as strong as possible in order that they would be able to meet any demands from policyholders, debenture holders, or depositors who needed cash. They have been meeting these demands for three years now and their liquid position is stronger than ever though earnings are down somewhat.

From the public standpoint this has one merit aside from the investment angle: when demand for building once more arises and public confidence in an improving business situation is displayed, the Canadian companies will be once more in an excellent position to finance increased requirements. Most of these companies will be glad to increase purchases of good mortgages when business revives because though large holdings of government bonds are good in a measure, it is not desired to see government debts increasing and a greater burden being placed on the taxpayer. In fact, the reverse process is desired.

Is Well Prepared

Already The Financial Post has reviewed statements of such companies as Canada Permanent Mortgage Corp., Toronto Mortgage, Lambton Loan, Lambton Trust, Security Loan & Savings, Midland Loan & Savings, and National Trust Co., Toronto General Trusts, Ontario Loan and Huron & Erie Mortgage Loan statements are reviewed elsewhere in this issue. There are others to come but it is evident that the general tendency is the same as that described. Actual earnings are lower in some cases and one well-known and well-regarded trust company found it well to drop dividends while its Western situation was being nursed, but the way in which each institution has met its problems has been in nearly every case trust-provoking.

Consider the situation of the Canada Permanent Mortgage Corp., represented in its mortgage investments in all parts of Canada. The stresses of the occasion are shown mainly in the mere fact that the company thought it wise to make its position so strong to make so large a proportion of its assets liquid. Instead of adding to the total of its mortgage investments outstanding, it reduced them by nearly $2,000,000 during the year and greatly added instead to holdings of cash and quickly realizable bonds and other securities. Like every other company of the kind it had to encounter greatly increased Dominion and provincial taxation and it carried larger cash balances for this reason as well as to meet possible calls upon deposits and debenture funds because of the stresses of the time. That extra money is available to aid forward enterprise in Canada as soon as men and governments think forward-looking thoughts again.

Paying Up Well

The position of this and many other Canadian companies is one of great encouragement for the future of Canada if governments and people do not get panicky. The Financial Post understands that the Canada Permanent Mortgage Corp. alone had its mortgages in Ontario reduced by nearly two million dollars even though there has been a moratorium on all payments of principal in the province. This is because mortgagors have been of a very satisfactory class. In all the Dominion mortgages were reduced in principal by nearly three and a half million dollars in 1932 and the company evidently made about $1,500,000 in new mortgages. This is testimony to the care and conservatism with which securities and customers have been selected.

On requesting information from a high official of Canada Permanent Mortgage Corp. on this matter, he said:

"It is our experience that in these difficult times the average mortgagor is more intent upon paying to the utmost of his ability not only interest and taxes, but principal as well, than he was in the careless days of four or five years ago, and will endure greater personal sacrifice with a view to reducing his liabilities and increasing the equity in his home. It should be borne in mind that by our system of providing for a gradual reduction of principal each half year the mortgagor or home purchaser has already increased his original equity to a considerable extent."

Money Ready When People Are

These companies are evidently in a position to lend money again as soon as conditions are stable both with regard to government spending and legislating. A fair field for trust, mortgage loan and insurance companies in collecting on as well as investing in mortgages should do more to start money moving again to finance new construction with its concomitant prosperity than any other agency. Adverse legislation, however, and too many government loans would still make it necessary for these companies to keep their funds highly liquid.

There is too little understanding on the part of the public of the highly important part played by the large loaning companies as a repository for savings of Canadians to aid in the administration of the country's business. In their field they are as important as the banks and hitherto they have shown even greater solidity and fewer failures. Especially in the field of construction the services they render are indispensable.

Can. Hydro-Electric

Can you explain to me why the preferred stock of Canadian Hydro-Electric Corp. is selling at such a low price? Have earnings fallen off and will it continue to pay a dividend?

Uncertainty in the situation surrounding Canadian Hydro-Electric Corp. preferred stock is due to the fact that the company derives its income from holdings in Gatineau Power Co. which in turn sells substantial blocks of power to certain newsprint companies, among other large contracts. The position of the newsprint industry is not satisfactory and if Canadian International Paper Co. or New Brunswick International Paper Co. were not able to live up to their contracts with Gatineau Power, the resultant decline in revenue might find repercussions in earnings of Canadian Hydro-Electric Corp. To date, however, earnings have been satisfactory and have been ample to cover preferred dividend requirements.

Royal Exchange Corp.

I am holding a bond of Royal Exchange Building. What is the position of this building and are the bonds secure?

The Royal Exchange Building Corporation, which owns the Wheat Pool Building in Winnipeg, has had a well sustained record of earnings and in the year ended May 31, 1932, earned interest on the first mortgage bonds 1.86 times. There is now outstanding approximately $450,300 of the 6 per cent first closed mortgage bonds of an original issue of $500,000 and there is also outstanding $100,000 of 7 per cent general mortgage bonds. Interest charges on the latter issue were earned 3.41 times in the last fiscal year. The building is under lease up to 1939 and it would appear that interest is fairly well assured.

Metropolitan Building

I have been solicited to exchange Metropolitan Bldg. 7 per cent bonds due July 15, 1944, for Dominion Gas & Electric 6½ per cent bonds, due July 1, 1945.

Will you kindly let me know your opinion of this trade.

Metropolitan Building earnings have been extremely well maintained and 77 per cent first mortgage bonds are generally considered one of the higher grade real estate issues. In the year ended July 15, 1932, the building earned first mortgage bond interest charges 2.13 times and at that date there was outstanding $885,600 of the first mortgage bonds of an original issue of $1,025,000. At the present time, there is a bid of 90 for the bonds and there has been a fair market for the bonds for sinking fund purposes. In addition to retiring some of the 7 per cent first mortgage bonds, the company has made good progress in retiring the general mortgage bonds.

Dominion Gas & Electric Co. has been earning bond interest charges by a good margin although the parent company, American Commonwealth Power Corp. has been in receivership. Dominion Gas & Electric has $3,000,000 of 6 per cent gold notes maturing on July 1, 1933, and this may create a situation that will affect the 6½ per cent bonds due 1945 indirectly. The Financial Post is informed by underwriters that as International Utilities which holds $3,000,000 notes, also holds a large proportion of bonds any failure of parent company to pay off notes at maturity might cause change of control but would not likely affect payments on bonds themselves.

Keefer Realty

I hold a $2,000 bond of Keefer Realty Corp., which is now in default. Can you tell me what security is back of these bonds?

Keefer Realty Corp. failed to pay interest due December 1, 1932, on its 6½ per cent first closed mortgage sinking fund bonds. The company is in arrears on taxes and on sinking fund payments and the bank would not advance the necessary funds to cover interest due on the above date. It is probable that there will be a reorganization of this company but as yet no details are available.

The company owns a ten-story office building in Montreal located on property with a frontage of 123 Ft. on St. Catherine Street, and 103 ft. on Mackay Street. The bonds are secured by a first closed mortgage hypothec and charge on the land, building, equipment and assets of the company. In 1923 when the bonds were first issued, the appraised value of the land was $440,000 and the appraised value of the building was $1,110,000. A sinking fund of $15,000 per year from 1926 to 1932 inclusive was to be set aside and thereafter from 1933 to 1942 a sinking fund of $22,500 per year. In addition the company was to accumulate and maintain out of income a reserve fund of $50,000 and it was provided that no dividend could be paid unless this fund was maintained. Earnings from the building were never sufficient to set up this reserve.

Payment in U. S. Funds

I hold bonds of the Canadian National Railway, the Province of Ontario and the cities of Toronto and Montreal, all of which are payable in United States funds. Do you consider that there is a chance of any of these borrowers defaulting to the extent of paying interest in Canadian funds rather than in United States funds? I see that such a procedure is openly advocated and that Calgary has adopted it. As a resident of Switzerland I would be directly affected by such action. Would it be advisable for me to change out of any of the above bonds and switch to Canadian National Railway bonds for greater security.

The Canadian securities mentioned can be included in the highest grade of Canadian bonds and the four borrowers mentioned have a decided interest in maintaining their credit abroad as well as at home. It, therefore, seems unlikely that any of these borrowers will fail to pay their obligations in United States funds where there is a legal obligation to do so. The Canadian Government and the major provincial and municipal borrowers will probably require much outside capital for some years to come and will therefore make every attempt to maintain their credit abroad.

The action taken by Calgary is deplored by all of the larger Canadian borrowers and will hardly be a precedent for such cities as Montreal and Toronto or the Province of Ontario. Mr. Bennett, Prime Minister of Canada, has stated his determination to service the foreign debt of the Dominion in the currency in which the bonds are payable, and the federal treasury has already assisted several of the provinces in servicing their debt in New York funds. It would appear that if any general action is taken with regard to payment in New York funds such action would only affect Canadian holders. It is possible that some steps may be taken to prevent Canadian bondholders cashing their coupons in New York funds, but this would not necessarily affect foreign holders of Canadian bonds. The course of exchange rates, of course, will be a determining factor in any action that is taken.

Bonds of the four borrowers you mention in your letter are all regarded in Canada as having a high degree of security as well as good marketability. It is not the policy of The Financial Post to advise a switch from one security to another.

Pacific Coast Terminals

I hold some of the 6½ per cent first mortgage bonds of Pacific Coast Terminals Ltd. Is it proposed to reorganize this company and when will proposals be made to bondholders? What is the present position of the company?

With regard to Pacific Coast Terminals, Ltd., we have been unable to secure as much recent information as we would desire due to the fact that negotiations are in progress which affect the first mortgage bonds. The company has outstanding $1,500,000 of 6½ per cent first mortgage bonds, series "A" on which interest was not paid on February 1, 1932. There is also outstanding $300,000 of 7 per cent debentures on which interest is being paid by the City of New Westminster under a guarantee. Early in 1932 a plan of reorganization was drawn up under which bondholders were asked to forego interest, but the proposals were not accepted. We are unable to ascertain when new proposals will be placed before the bondholders.

In the first six months of 1932 revenue from the property showed a slight decline which was more than offset by reductions in administration and general expenses. For that period the company had an operating profit of $24,838 before provisions for bond and debenture interest as compared with operating profit of $18,708 in the corresponding period of 1931. Bond and debenture interest amounted to $59,250 and the company, therefore, earned well under half of its fixed charges. The company is controlled by Consolidated Mining & Smelting Co. Lowering of tariffs and increase in Canadian exports should aid the company, but it is impossible to say how long it will be before there is sufficient improvement to enable the company to earn its fixed charges.

Manitoba Power

I cannot understand why bonds of Manitoba Power Co. should be selling at their present level. Surely this bond offers good security. Can you tell me why there is weakness in current quotations?

One reason why quotations on Manitoba Power bonds are at relatively low levels is the fact that the whole situation surrounding Winnipeg Electric Company, of which Manitoba Power Company is a subsidiary, is involved. The parent company has experienced difficulties during the past year, not the least of which was the default on the first mortgage bonds of Northwestern Power Company. The latter is another subsidiary of Winnipeg Electric, and the parent company guarantees the issue both as to principal and interest. It has been unable to live up to this guarantee, a factor which tends to weaken the position of Manitoba Power bonds since they also are guaranteed by Winnipeg Electric.

International Power

I have a client who holds some debentures of International Power Co. What is the position of this company? Has it experienced much difficulty in the past year?

International Power Co. has been hampered by difficulties in currency exchange. Our understanding is that its various properties have operated on a satisfactory basis in the past year but owing to the depreciated currency in some of the districts served, International Power has not been able to withdraw funds from those countries without sustaining considerable loss. It is expected, however, that earnings for 1932 will be sufficient to cover debenture interest.

Fraser Companies

What is the outlook for Fraser Companies? Do you see any favorable prospects for the common shares? I hold some of this stock.

Fraser Companies is having a difficult time. The company, as you know, was reorganized a short time ago, but in our opinion little improvement was effected. The new structure was based on the assumption that earnings would improve within the next few years; if this betterment does not materialize it would seem that further reorganization would have to be carried out. Outlook for the common stock cannot be considered impressive.

Inter-City Western

I hold some bonds of Inter City Western Bakeries and have not heard how the company is getting on. Do you know if any improvement was made in 1932? Will interest continue to be paid? Does Lake of the Woods guarantee the bonds? What does "control" of the company mean?

Inter-City Western Bakeries has experienced difficulties ever since its inception in 1930, owing to the poor business conditions existing in the territory served. Our understanding is that no improvement has been reported during the past year. Lake of the Woods Milling Co. does not guarantee the bonds, though it controls Inter-City Western. In this case, control means that the parent company holds over 88 per cent of its subsidiary's common stock, a majority which gives it voting control at any shareholders' meeting that may be held. Whether Inter-City Western will continue to meet its bond interest is a question known only to the management; the next interest due date is May 1.

Can. Rail & Harbour Term.

Can you advise me the present bid and asked price of the 6½ per cent first mortgage bonds of Canadian Rail & Harbour Terminals? Is interest being paid on these bonds?

Canadian Rail & Harbor Terminals paid interest due on the first mortgage bonds on September 1 last in Canadian funds although the bonds specify that interest and principal is payable in New York funds on demand. Earnings of the company were lower in 1932. The second mortgage bonds and debentures are in default. It seems probable that at some future date a capital reorganization will have to be effected. Recently there has been a fairly active market for the 6½ per cent first mortgage bonds at 27½ to 28½.

Charles Gurd

I have considered buying the common stock of Charles Gurd and Co. which seems to be yielding a high return at present levels. Do you think this would be a satisfactory investment? Is the dividend secure?

Competition in the soft drink business has been keen during the past year and earnings of Charles Gurd & Co. have been restricted. As you know, dividends have been reduced on several occasions and at present the stock is on an annual basis of 60 cents a share compared with a previous rate of $2 a share. Managements are finding the need of conserving their cash position and it is possible that Charles Gurd might defer dividends unless earnings show improvement.

Mount Royal Hotel

Among my holdings are some preferred shares of Mount Royal Hotel Co. Can you tell me what progress was made last year, and what are prospects for the preferred stock?

Earnings of Mount Royal Hotel in 1932 will be just sufficient to cover bond interest but our understanding is that there will be little available for the preferred stock. The present capitalization of the company is out of line with its earning power despite reorganizations undertaken in the past and there is a strong likelihood that a further revision of capitalization will be considered in the future. The company is in a difficult position since the hotel was built at a time when construction costs were at a high peak while today it is forced to operate as a 500-room hotel, or half its total capacity.

Commonwealth International

Initial dividend on the class A shares of Commonwealth International Corp. was paid on November 15, 1932, to shareholders of record October 15 and the second quarterly dividend has been declared payable February 15, according to Williams, Partridge & Angus Ltd., sponsors of the trust. Dividends have been earned, it is stated. The above information will correct a statement with regard to earnings appearing in The Financial Post of January 14. The class A shares are entitled to non-cumulative dividends of 20 cents per year and to 60 per cent of any further distribution to be made on the class A and class B shares.

Stock of the company was originally issued in exchange for shares of Federated Capital Corp., Reliance International Corp. and Oil Shares Inc. Holdings of Federated Capital Corp. have been liquidated, and it is stated that other holdings can be liquidated at a profit. Stock of Commonwealth International Corp., is now being sold by a group of investment houses in the United States and Canada. The class A stock is currently quoted at 2½ to 3 while the class A shares also carry a self-liquidating clause.

Trust Company Profits Dropped 13.1 p.c. In 1931

Federal Insurance Department Figures Give Composite Picture of Dominion and Provincial Companies at End of 1931

Canadian trust companies, provincial and Dominion, experienced a reduction of 13.1 per cent in net realized profit during 1931 in comparison with 1930 figures while loan companies experienced a corresponding reduction of only 4.62 per cent, according to the annual figures compiled by the Federal Department of Insurance which recently appeared in the annual report of the superintendent of insurance for 1931. The trust companies increased by $100,000,000 the volume of estates, trusts and agency funds under their control but guaranteed funds decreased by $22,400,000. The loan companies show higher liabilities to the public in 1931 than in 1930.

In the classification of assets of trust and loan companies for 1931 the trust companies increased the proportion of their loans on real estate but some indication is given of the tendency to add to bond-holdings which continued throughout 1932 when loans on property were not increased. Collateral loans were reduced by both trust and loan companies and cash was somewhat lower. The analysis for 1931 together with comparable figures for 1930 follows:

FINANCIAL STATISTICS OF TRUST COMPANIES, AS AT DEC. 31, 1931

	*Provincial Companies	Dominion Companies	1931 Total	*1930 Total
	$	$	$	$
Assets:				
Company funds	66,338,148	15,459,347	81,797,495	86,128,769
Guaranteed funds	125,829,165	25,718,221	151,547,386	163,982,006
Ests., trusts & agency funds	1,961,948,175	215,698,469	2,177,646,644	2,077,445,861
Total	2,154,115,488	256,876,037	2,410,991,525	2,327,556,636
Capital stock:				
Authorized	72,650,000	22,650,000	95,300,000	95,105,000
Subscribed	31,830,376	11,884,240	43,714,616	44,789,988
Paid	28,377,831	10,493,609	38,871,440	37,972,921
Res. and cont. funds	20,865,045	3,478,889	24,343,934	25,118,114
Unappropriated surplus	2,423,680	522,015	2,945,695	3,169,742
Net profit realized	3,742,826	592,177	4,335,003	4,988,384

* Does not include figures for one company incorporated in Canada whose capital stock and debentures have been issued almost wholly outside Canada. Its mortgages have been made in Canada however.

LOAN COMPANIES (DEC. 31, 1931)

	*Provincial Companies	Dominion Companies	1931 Total	1930 Total
	$	$	$	$
Book value of assets	65,728,238	147,921,556	213,649,794	205,961,538
Liabilities to the public	31,586,796	110,779,994	142,366,790	137,956,173
Capital stock:				
Authorized	43,394,400	65,150,000	108,544,400	104,662,600
Subscribed	19,960,421	28,743,300	48,693,721	45,938,427
Paid	17,879,937	20,689,307	38,569,244	36,584,410
Res. and cont. funds	13,041,219	14,753,181	27,794,900	27,478,170
Other liabilities*	3,879,535	645,111	4,524,646	1,538,954
Total liabilities*	34,801,191	36,078,599	70,879,790	65,911,611
Net profit realized	1,462,974	2,098,299	3,561,273	3,733,889

*To Shareholders.

CLASSIFICATION OF ASSETS, 1930-1931

	Trust Companies: Company Funds Bk. val. 1931	% of 1931	% of 1930	Guaranteed Funds Bk. val. 1931	% of 1931	% of 1930	Loan Companies Bk. val. 1931	% of 1931	% of 1930
	$	%	%	$	%	%	$	%	%
Real estate	2,140,972	14.05	13.88	...	...	...	8,112,501	5.62	5.02
Loans on rl. est.	6,084,794	39.62	37.76	20,812,176	82.11	74.9	106,628,854	73.86	75.06
Collateral loans	1,035,169	6.79	8.02	887,015	3.50	7.95	1,797,490	1.24	2.13
Bonds & Debentures:									
Can. Govt.	1,039,605	6.82	7.55	1,225,189	4.83	3.55	5,555,817	3.85	3.27
Prov. Govts.	428,100	2.81	2.27	235,892	0.93	0.83	3,298,596	2.28	2.01
Brit. & Colonial	16,233	0.11	0.06	980	...	...	136,759	0.09	0.10
Brit. Municipal	...	...	0.07	...	...	...	...	...	...
Can. Municipal	679,756	4.46	4.71	933,570	3.68	4.75	3,158,328	2.19	1.75
Can. Rly. & Corpn.	1,041,999	6.84	6.76	202,956	0.80	0.64	3,485,009	2.41	2.73
Other cos., ind.	5,490	.004	0.09	....	...	...	....	...	...
Stocks:									
Canadian	484,495	3.18	3.11	18,300	0.07	...	7,793,034	5.40	4.95
Other	4,500	0.03	...	....	...	...	2,837	...	...
Cash	551,595	3.62	4.96	919,982	3.63	7.47	3,295,037	2.28	3.06
All other assets	1,771,761	11.63	10.76	113,021	0.45	0.24	*1,127,841	0.78	....
Total, 1931	15,234,289	100.0	100.0	25,349,081	100.0	100.0	144,392,105	100.0	100.0
Total, 1930	14,762,114			26,090,617			140,749,708		

*Includes $1,100,647 unrealized assets of Peoples Loan & Savings Corp.

COURT GRANTS RECEIVERSHIP SCOTIA STEEL

Eastern Trust and Gordon Scott Named Joint Managers

From Our Own Correspondent

MONTREAL. — Eastern Trust Co., of Halifax, and Hon. Gordon W. Scott, of Montreal, have been appointed receiver-managers of the Nova Scotia Steel and Coal Co. under an order issued by the Nova Scotia Supreme Court.

Application for a receivership was entered by J. McG. Stewart, on behalf of the Eastern Trust Co., mortgagee and trustee under the indentures of mortgage and deeds of trust dated July 1, 1909.

Are Given Powers

The receiver-managers are given power to carry on the operations and conserve the assets of Nova Scotia Steel. To enable them to do this, they have been granted authority to borrow $50,000, this authority taking precedence over claims of bond and debenture holders.

No plans have as yet been formulated regarding the future of the company. Under the terms of the application, all officials and employees of the company become officials and employees of the receivers and managers and will carry on until such time as changes are decided on by the latter authorities.

An Important Unit

Nova Scotia Steel is one of the oldest industrial enterprises in Nova Scotia. It owns coke ovens, blast and open hearth furnaces, iron and steel products plants, Wabana iron ore mines, steamships, limestone quarries, etc., in Nova Scotia and Newfoundland.

In 1920 it became part of the ill-fated British Empire Steel Corp. Upon the reorganization of this concern, control passed to the newly-formed Dominion Steel and Coal Corp. For the past several years the company did not meet its interest charges as they fell due, preferring to take advantage of the period of grace allowed under the trust deed. Accordingly interest payments were always six months in arrears. The last payment due on July 1, 1932, was deferred until this month, but on the last day of grace—January 14—the company was unable to meet its contractual obligation.

Failure of Nova Scotia Steel to meet its interest charges gives rise to speculation as to the immediate outlook for the other units going to make up Dominion Steel and Coal Corp. Affairs must be very involved, otherwise it is unlikely that Dominion Steel would let one of its most important units go into default. The parent company has not been doing especially well over the past eighteen months and it is expected that there may be some new developments in connection with that organization.

Canadian Securities

Dominion of Canada
Dominion Guaranteed
Provincial Government
and Municipal Bonds

DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

4%
paid on deposits—subject to withdrawal by cheque.
CENTRAL CANADA LOAN AND SAVINGS COMPANY
KING AND VICTORIA STS., TORONTO
23 SIMCOE ST. N., OSHAWA
ESTABLISHED 1884

5½%
On Guaranteed Trust Certificates
Safe beyond question and unconditionally guaranteed
Send for descriptive circular without obligation.
THE STERLING TRUSTS CORPORATION
Sterling Tower, TORONTO

The Standard Life Assurance Company
at the close of its year, 15th November, 1932, has again declared an Annual Compound Bonus of
$21 per $1,000
with proportionate
CASH DIVIDENDS
A Mutual Company
Established 1825
THE STANDARD LIFE ASSURANCE COMPANY
Head Office for Canada:
391 St. James Street, Montreal

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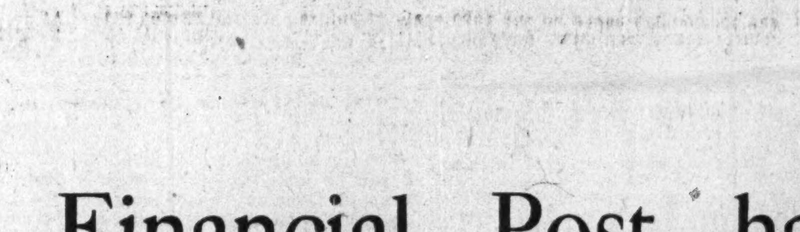

Number 2 of a series—"WHAT BUSINESS LEADERS SAY OF THE FINANCIAL POST"

SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

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AMAL. ELECTRIC PAID $575,000 FOR BANFIELD'S

Court Case Indicates Liabilities of Firm Taken Over as Well

BANFIELDS PLAINTIFF

Toronto Litigation Reveals Details of Electric Deal of 1929

In declaring that W. I. Banfield et al should give an accounting of the amount received in connection with the entry of W. H. Banfield & Sons, of Toronto, into the merger now known as Amalgamated Electric Corp., Mr. Justice Garrow touched a matter which incidentally is of intense interest to shareholders of the latter company. The sum of $575,000 cash for the company with all its liabilities was mentioned as having been offered for the Toronto company.

The three plaintiffs, Edwin J. Banfield, Alexander Wood Banfield and Mrs. Annie Field, and the two defendants, William Irwin Banfield and Harry Summerville Banfield, comprised all the children of the late W. H. Banfield who died on December 7, 1925, having made a will whereby he made the plaintiff Edwin J. and the two defendants executors. The father at the time of his death was the owner of 334 shares in a private company known as W. H. Banfield & Sons out of a total issued share capital of $110,000 divided into 1,100 fully paid-up shares of $100 par value each.

Asked $1,200,000 For Property

The statement of claim of plaintiffs sets forth that the business was controlled and managed by defendants after the death of W. H. Banfield. The latter had owned about one-third of the stock and the remaining shares were owned by the defendants who were directors of the company. The two defendants were given an option for six months to purchase the shares of each of the three others interested in the estate at a price to be fixed by arbitration under the provisions of the Ontario Arbitration Act.

On February 1, 1929, defendants had agreed to sell, or were negotiating to sell, all the capital stock of W. H. Banfield & Sons, Ltd., at $1,200,000, the statement of claim goes on. Edwin J. Banfield was then approached by defendants who represented that it was necessary to refinance the company and to get in additional capital to enable it to carry on. Defendants stated that they could get additional capital but that the person willing to finance insisted that defendants should have complete control. Defendants said that shares had little or no value but that they were nevertheless ready to pay $20 a share.

Plaintiffs Got $10,350 Each

Plaintiffs gave the desired option to buy their stock before March 25, 1929, at $10,350 each and they received this money. Thereupon, say the plaintiffs, defendants immediately sold or completed sale of shares of the W. H. Banfield estate to Amalgamated Electric Corp., or trustee for such corporation, for $1,200,000 or thereabouts. Plaintiffs claimed they did not know of the destination of the shares, that they sold under false pretences and asked for an accounting for the difference between the amounts paid by defendants to plaintiff and received by dependants when turning over their shares to Amalgamated Electric Corp., or the latter's trustee, or they asked in default of this for alternative damages of $150,000.

Defendants claimed that the various parties had dealt at arm's length, that plaintiffs had raised price successively from $50 to $100 and then to $200 a share, the latter price ultimately being agreed upon with $1,500 additional given to Mrs. Annie M. Field for five additional shares held by her. They stated that at the time of purchase by Amalgamated Electric Corp., and for some years previous to that time W. H. Banfield & Sons had been largely indebted to the banks on loans guaranteed by defendants and to the defendants personally and that part of these loans was secured by the company's plants and that money had also been raised on securities under the Bank Act.

Refinancing Was Necessary

Book accounts had been assigned, and in the opinion of defendants it had become desirable and even necessary for them to take steps to refinance the company or to dispose of their shares so as to enable them to discharge their liability to the bank. They had given this information to E. J. Banfield and had shown him audited statements at the same time that they told him they were in touch with a man who was willing to refinance if all the shares could be acquired.

The man mentioned as negotiating for the business was Neil R. Sinclair, afterward shown as director of Amalgamated Electric Corp.

Financial statements referred to during the course of the trial stated that net sales reached their maximum in the year ended May 31, 1928, at $627,000, about twice net sales for 1924. Volume of sales and profit had reached their maximum in 1928 but there had been a net loss in 1926 and sufficient amounts had not been taken out for depreciation in every year.

Must Pay More

In the course of Mr. Justice Garrow's decision it was stated that Sinclair's offer to defendants was $575,000 cash for the assets of the company, assumption of all liabilities and the right to defendants to buy 10,000 shares of the stock of the new company at the actual cost of the shares to the banking syndicate. His judgment was as follows:

"Let judgment be entered for the plaintiffs declaring that they are and each of them entitled to have the defendants account to them for the difference between the price paid to them respectively for the shares in question and the price realized by the defendants upon the resale of the shares on the footing that no shares in the new company were taken by defendants as in part payment of the consideration, but that all the shares were paid for in cash, and for payment by the defendants to the plaintiffs of the amount of such difference with costs of the action. If any reference is necessary to determine the exact amount it may be had to the Master; or, if preferred, I shall, on hearing the parties, find the amount myself upon the evidence taken before me. Stay of 15 days."

Earnings Fall After Merger

It will be recalled that in April, 1929, offering was made to the public of $1,000,000 of 6 per cent cumulative convertible preferred stock of $50 par value of Amalgamated Electric Corp. which had acquired the assets of W. H. Banfield & Sons, Ltd., Benjamin Electric Manufacturing Co. of Canada, and the Duncan Electrical Co., which had formerly been engaged in the manufacture of competitive lines of electrical equipment. The Northern Electric Co., it was stated, had bought a substantial portion of the corporation's stock.

W. I. Banfield, as president of the new company, informed underwriters that net earnings of predecessor companies had been $41,095 in 1926, $93,245 in 1927 and $176,272 in 1928 while 1929 earnings were estimated at $278,000. Messrs. Stevenson, Harrison & Jordan, management engineers, estimated that savings effected by amalgamation would amount to $102,000 annually.

Actual results have been disappointing, however. Net profits were $113,164 in ten months period of 1929 to cover $56,370 preferred dividends, $25,659 to meet $70,500 in preferred dividends in 1930 and net deficit was $94,737 in 1931. In 1932 C. R. McKenzie, of Montreal, was elected to take the place of W. I. Banfield, of Toronto, and it is expected that another operating loss will be shown because of the drop in the level of construction activities. With the deferment of five quarterly dividends on the preferred stock voting control now lies with this issue, a majority of which is held by Northern Electric Co. in addition to its holdings of common stock.

After giving effect to the new financing by selling $1,000,000 of preferred stock and getting an unknown amount for 50,000 no par value common shares, total assets in 1928 were $1,449,477 of which $717,128 was current assets and $725,472 fixed assets. Current liabilities then were $124,915. Total assets were only $50,000 more at the end of 1931 with current assets down to $680,945 and current liabilities to $78,961. A thorough policy of writing down inventory and eliminating obsolescent and inactive material has been followed. The bank loans referred to by Mr. Banfield were eliminated when Banfield & Sons was taken over, mortgages were paid off and a strong position shown even though business did not carry on at anything near 1928 levels. A secured bank loan of $30,000 was shown at the end of 1930 and in several weeks the statement for 1932 will show whether that has been increased or made less.

Canadians Own 67% Of Their Securities

Proportion Increases Through Depression — U. S. Supplies 20 p.c. and U. K. 13.5 p.c. of Our Capital

By KENNETH W. TAYLOR,
Associate Professor of Political Economy, McMaster University

The total amount of capital invested in Canada on January 1, 1933, is estimated at $18,065,000,000, an increase of $345,000,000 in 1932, according to estimates made for The Financial Post Business Year Book 1933. Some $260,000,000 of this increase, however, is in government and municipal securities. The total in 1926 was $14,400,000,000. These totals include all Dominion, provincial and municipal bonds outstanding, and actual capital invested in railways, public utilities, manufacturing industries, mining, wholesale and retail trade and financial institutions such as banks, insurance, trust and loan companies.

They do not include capital invested in agriculture, nor capital invested in land or buildings not directly used in any of the above groups; that is, they do not include office buildings, apartment houses, hotels, institutions, etc. They do not include the capital invested in investment trusts, or other companies whose money is chiefly invested in securities. Moreover, they do not include capital invested in public works paid out for current taxation. To avoid duplication an amount has been deducted from government and municipal bonds outstanding to cover the public borrowings actually invested in railways and in hydro-electric developments.

The table below shows the proportions of this total capital held in Canada, Great Britain, the United States and other countries respectively:

Distribution of Ownership of Capital, in Canada, January 1, 1933
(In Millions of Dollars)
Estimated by The Financial Post Business Year Book

	Total	Canada	Great Britain	United States	Other Countries
Govt. and municipals	$4,865	$3,602	$ 453	$ 799	$ 11
Railways	3,325	1,616	925	748	36
Public utilities	1,950	1,310	98	529	13
Pulp and paper and lumber	1,150	677	69	401	3
Mining	950	623	63	251	13
Metal industries	1,100	538	45	506	11
Other industries	2,000	1,479	182	323	16
Trading establishments	2,100	1,856	73	166	5
Financial institutions	625	415	119	77	14
Total, 1933	$18,065	$12,116	$2,027	$3,800	$122
1932	17,710	11,710	2,025	3,852	123
1926	14,400	9,416	1,941	2,932	111

In Percentages

	Canada	Great Britain	United States	Other Countries
Governments and municipals	74.0	9.3	16.5	0.2
Railways	48.6	27.8	22.5	1.1
Public utilities	67.2	5.0	27.1	0.7
Pulp and paper and lumber	58.9	6.0	34.9	0.2
Mining	65.6	6.6	26.4	1.4
Metal industries	48.9	4.1	46.0	1.0
Other industries	74.0	9.1	16.1	0.8
Trading establishments	88.4	3.5	7.9	0.2
Financial institutions	66.4	19.0	12.4	2.2
Total, 1933	67.1	11.2	21.0	0.7
1932	66.1	11.4	21.8	0.7
1926	65.4	13.5	20.4	0.7

From this table it will be seen that in seven years the total foreign owned capital has increased by $965,000,000, while the Canadian owned has increased by $2,700,000,000. That is, for every $1,000 increase in foreign capital, the Canadian owned capital has increased by $2,800. If we leave out of account all government and municipal bonds and consider industrial capital only, we find that the increase in the foreign investment has been $860,000,000, and the increase in Canadian $1,949,000,000, or $2,270 Canadian to each $1,000 foreign.

As a result of this the Canadian percentage has moved up appreciably from 65.4 per cent to 67.1 per cent. The United States percentage has increased practically to 21.0 per cent, and the British has fallen from 13,5 per cent to 11.2 per cent.

Comparison With National Wealth

Owing to the drastic readjustments in the price structure during the past three years it is not yet possible to make an accurate estimate of the total national wealth for 1933. The last official figure of the Dominion Bureau of Statistics is for 1929, and the total is approximately $31,000,000,000. The present total is probably in the neighborhood of $32,000,000,000 based on the 1929 scale of values. To the extent that foreign investments are in stocks, their value tends to decline with the fall in general prices. To the extent that they are in bonds, their burden increases with the fall in prices. No recent statistics are available as to the proportion of stocks to bonds in the foreign investment. Government securities are, of course, all bonds. United States railway investments are largely bonds, those of the British chiefly stocks. A survey as far back as 1920 indicated that about 80 per cent of the foreign manufacturing investments were in stocks and 20 per cent in bonds. If this proportion holds true today, it means that the relative burden of our foreign indebtedness will increase by only a part of the fall in prices.

McKINNON STEEL HALVES DIVIDEND ON PREFERRED

Quarterly Declaration at Annual Rate of $3.50 a Share

From Our Own Correspondent

MONTREAL.—Reflecting inactivity in the structural steel industry, dividends on the 7 per cent preferred stock of McKinnon Steel Corp. are now being paid at an annual rate of 3½ per cent. A disbursement of 87½ cents a share has been declared on the preferred for the quarter ending January 31, 1933, in contrast to the usual declaration of $1.75 a share.

Net earnings in the fiscal year ended July 31, 1932, were $29,952 compared with $50,307 in the previous year. After depreciation, net profits totalled $15,959 compared with preferred dividends paid of $36,750. At the end of last year there were $510,000 of 7 per cent preferred stock outstanding.

Strong Working Capital

Deficit for the last fiscal period was $20,791. Transfer of $10,000 from operating reserve brought surplus at profit and loss to $42,054. Balance sheet showed working capital at $253,158 with current assets at $258,451 against current liabilities of $5,293. Current assets included $205,731 of cash on hand and call loans.

McKinnon Steel Corp. is feeling the effects of negligible demand for structural steel. A contract from the Province of Quebec for construction of a highway bridge over the Yamaska River was the only order entailing heavy tonnage booked during the last fiscal year and operations at the present time are understood to be at a low level.

Montreal Power in 1932 Gains 46 New Plants

Bulk of New Industries Came From United States—Wide Range of Products Found in New Establishments in Montreal Area

One of the most diversified lists of new industrial undertakings establishing in Canada during 1932 is one which has been given The Financial Post recently by Montreal Light, Heat & Power Consolidated.

According to this list, no less than 46 new industries established on this company's system during 1932 of which 37 were new industrial plants or connections from either the United States, Great Britain or other countries.

Of the total no less than 30 came from the United States; three from Great Britain and one from France. The remainder were plants which had already been established in some parts of Canada and which moved their operations into the Montreal Light, Heat & Power area during the year.

Two Plants Employ 100

Machinery, foodstuffs, and textile plants are the most important groups represented in the list while the number of employees ranges from six in the case of the Ford Baking Co., a new doughnut organization from the United States, to 100 persons employed by both the Selby Shoe Co., makers of shoe findings which came from the United States and by Shell Oil Co., another United States concern, which established a new refinery in the area during the year.

Details of the new industries are supplied by Montreal Light, Heat & Power to The Financial Post as follows:

Name of Co.:	No. of Employees	H.P. Load	Originating from	Nature of Business
Altorfer Bros.	10	3	Granby, Que.	Washing machines
Canadian Johns-Woods Mfg. Co.	25	30	Toronto	Gas tanks
Howard H. Clapp Co. Ltd.	10	15	U. S. A.	Baby foods
Ex-Lax Company	10	25	U. S. A.	Chemicals
Nulomoline Limited	10	10	U. S. A.	Syrups
Polygraphic Regd.	10	10	U. S. A.	Prtg. specialties
Prolac Limited	50	300	U. S A.	Prolac mfg.
Selby Shoe Company	100	100	U. S. A.	Shoe findings
Service Station Equipment	10	30	Toronto	Equipments
Sterling Lace Co.	20	8	Ontario	Laces
A. G. Snowden	20	10	Scotland	Sauces
Rokeach & Sons Inc.	15	20	U. S. A.	Vegetable oils
Royal Typewriter Co.	5	10	U. S. A.	Typewriters
Caramel Crispie Co. of Can.	25	10	U. S. A.	Peanuts
Concrete Steel Products	20	17	Ontario	Presses, etc.
Lighting Appliance Co.	10	20	U. S. A.	Elec. fixtures
Menley & James of Can. Ltd.	10	5	England	Patent medicines
Crystal Chemical Co. Inc.	15	7	U. S. A.	Toilet preparations
Expollo Corp.	12	5	U. S. A.	Moth Extinguishers
Vicks Chemical Co.	8	10	U. S. A.	Chemicals
Conduits Limited	15	75	Ontario	Galvanized pipes
Joliette Knitting Mills	20	20	Quebec	Knitting mills
Apex Electric Mfg. Co.	20	25	U. S. A.	Washing machines
Duralith Canada Limited	10	20	Quebec	Wall products
Paul Olmer & Co.	15	5	France	Tie mfrs.
Cons. Moulton & Trimming Ltd.	16	15	U. S. A.	Trimmings
Ford Baking Co. Ltd	6	..	U. S. A.	Doughnuts
C. J. Buchanan Co. Inc.	..	..	U. S. A.	Rock crushers
Vickers Limited	..	..	England	Mining & rwy. mchry.
Manitowac Engr'ng Works	..	..	U. S. A.	Steel Plate Works
Stewarts Cafeterias Inc.	70	..	U. S. A.	Cafeteria
Muench-Kruzer Candle Co. Inc.	15	10	U. S. A.	Candle mfrs.
Empire Shoe Repair	20	4	U. S. A.	Shoe repairing
Crown Coffee Shop	10	..	Ontario	Coffee shop
Beacon Mfg. Co.	12	2	U. S. A.	Ladies' felt hats
Lido Liquid Coffee	8	2	Quebec	Food products
Maine Steel Products Co.	(Tied in with Dominion Bridge at Lachine)			
Browning Crane & Shovel Co.	(Tied in with Mtl. Locomotive Works)			
National Mineral Company	10	5	U. S. A.	
Pyle-National Company	25	50	U. S. A.	
Shell Oil Company	100	1,000	U. S. A.	Refinery
Automatic Signal Co.	..	..	U. S. A. (Tied in with Robt. Mitchell Co. & Northern Elec.)	
Foxboro Company	from U. S A.			Controlling, recording & indicating instruments. (Tied in with Peacock Bros.)
United Engr'ng & Foundry Co.	from U. S A.			Machinery (Tied in with Dom. Engr'ng Co.)
Adams & Westlake	from U. S A.			Railway supplies (Tied in with Hiram Piper Co. & Northern Elec.)
Landers, Frary & Clarke	from U. S A.			(Tied in with Northern Elec.)

GOOD CHARACTER IS BASIC QUALITY IN INVESTMENTS

Management All-Important Factor — Standard Work Revised

The fundamental principles of investment have not been greatly changed by three years of world depression although many new ideas have been deflated. This is the impression one gains from a reading of "Principles of Investment," first issued in 1924, and since recognized as a standard text book authority on investment matters and now brought up to date by the author in a second edition.

The volume is the work of Prof. John E. Kirshman, of Nebraska University.

But while the fundamental principles remain little changed the relative importance of different influences bearing upon investments has altered somewhat in recent years. Economic and political changes following the Great War have made necessary a re-examination of the forces and laws that control investments. Thus even fundamental principles have had to be restated in language suitable to the present time.

Character Counts Most

Prof. Kirshman continues in his new edition to emphasize the importance of management and character in investment. He compares good faith in financial affairs to the slow and steady growth of the sturdy oak; it takes time to bring it to maturity but when once fully developed it withstands the roughest and most inhospitable of the elements.

Character is of basic importance, he says. Both financial integrity and business morality have their toe roots in basic moral character itself.

The conception of management as a trustee does not conflict in Prof. Kirshman's opinion with the operation of the business at a high degree of efficiency. In this connection he discusses ably and at some length the relation of management to labor, investors, the public, customers, the state, etc.

Influence of Exchanges

The chapter on foreign investments is particularly valuable in view of the events of recent years. Prof. Kirshman's rewriting of the chapter is based upon his belief that foreign obligations are dependent for their integrity first of all upon the state of international exchanges. It is not sufficient, he says, that the debts of the respective governments be modest with respect to the wealth and income of the people. Page the mayor of Calgary:

Every phase of investment and every class of investment are covered in this comprehensive work of nearly 800 pages. "Principles of Investment" is published by McGraw-Hill Book Co., 330 West 42nd Street, New York, at $5.

Economic History Repeats Itself

Wisdom and Fallacy Down the Ages

* * * *

"THERE OUGHT TO BE A LAW . . ." IN 1817

"The thereunder signed inhabitants of the town of Birmingham beg leave to approach the House, and to inform them of their forlorn and miserable situation.

"They are in distress, and in their misery they call upon their country for relief. They ask no more than the House will acknowledge that good citizens have a right to expect, they ask no favor; they only ask to have it placed in their power to earn an honest bread by honest labor, they only ask to be permitted to give to their country the benefit of their labor and to receive in exchange the scanty comforts necessary for the support of life.

"Many of them have not had employment for many months, and few of them have more than two or three days' work per week, at reduced wages. The little property which they possessed in household furniture and effects, and the small hard-earned accumulations of years of industry and care, have been consumed in the purchase of food; and they are now under the necessity of supporting their existence by a miserable dependence on parochial charity, or by soliciting casual relief from persons scarcely less distressed than themselves. In the midst of these painful sufferings and privations their friends tell them they must wait and hope for better times. They beg leave to inform the House that they have waited until their patience is quite exhausted, for whilst they wait they die.

"The petitioners humbly pray that the House will take into consideration their distressed condition, and adopt such measures as in their wisdom may be deemed necessary for the relief of themselves and of their suffering country."

—Petition of distressed mechanics of Birmingham, presented to Parliament by Henry Brougham on April 28, 1817.

* * * *

These quotations are from the collection of records and sayings throughout history in times of depression and adversity, made by H. G. L. Strange, Winnipeg. They appear weekly.

Central Bank Costs Would be Onerous

Losses of Assets and Earnings by Banks and Loss of Revenue by Government Would Result—Unreasonable to Assess Cost on Banks

By A CANADIAN BANKER

In advocating the creation of a central bank in Canada some of its supporters claim that to establish and operate such an institution will cost but little, so that even should the bank fail to achieve the results they expect no great harm will be done by attempting the experiment.

One has only to look back over the history of central banking during the past few years to realize that such banks can and do make most serious and costly errors. Who pays for these mistakes? Either the central bank shareholders or the man who pays the taxes. Guesses as to the possible operating profits or losses of an institution yet unborn yield little material for serious analysis, so we might examine the equipment to be provided for the central bank and where it is to be obtained.

Large Capital Needed

The first item is the bank's capital. Little discussion has taken place as to the amount of capital it will require. I should suppose that the sum of $25,000,000 might not be considered unreasonable. There are sound political reasons why the institution should not be government owned and since it is to be a "bank for bankers" the chartered banks would probably be called upon to subscribe for the greater part, if not all, the capital stock.

The second item is the transfer of the Dominion Government's business from the chartered banks to the central bank. The average balance carried by the Dominion with the banks during 1931 as shown by the monthly bank statements published by the government was $49,000,000. In consideration of these balances the banks perform without charge for the government a considerable variety of services—services which to a great extent the central bank would be unable to undertake because of its lack of branch representation throughout the country. The loss by the chartered banks of so large an amount of deposits would undeniably be a blow.

Additional Losses

It is of course quite possible that the provinces might also claim the right to conduct their banking with the central institution and, as some politicians are already urging that municipalities be allowed to borrow direct from the Dominion under the Finance Act, it is conceivable that the transfer of assets from the chartered banks to the central bank might reach far more formidable figures than those I have mentioned. I propose, however, to assume in this review that the business lost to the banks will be that of the Dominion only.

The third item deals with the right of note issue. It seems reasonably clear that the central bank, if formed, would and should take over the Dominion Government's note issue and it is quite probable that the bank would compensate the government for the loss in revenue which, as a result of the change, the latter would sustain. On the other hand, though certain economists recognize that as a practical matter it is desirable that the chartered banks should continue to enjoy their present right of issue, others, together with some politicians, will listen to no such proposal.

Note Issue Monopoly

I have little doubt that, were a central bank formed, it would in due course be given a monopoly of the note issue, even were this monopoly denied to it at the time of its organization. The bank might naturally urge this course as adding to its prestige, and no doubt its claim would receive some measure of popular support. Those who on principle are hostile to all large corporate enterprises have so grossly exaggerated the profits derived by the chartered banks from their note issues it is not surprising that public opinion has been misled. Restatement of the results which would follow cancellation of the chartered banks' right of issue may, therefore, be justified here.

While the gross profit from note issues is obviously substantial, the net profit is quite small after the heavy costs involved are deducted. These costs include, for example, the engraving of new notes (an expensive process), their distribution to branches in other parts of the country, the daily redemption by the issuing bank at each clearing centre of its notes which have come into the hands of other banks and the redistribution of these notes to outside points in need of fresh supplies, the despatch to and destruction at the head office of the bank of all notes which have become soiled or mutilated (the life of a note is approximately one year), and finally the Dominion tax of 1 per cent per annum on note circulation.

Right of Issue Valuable

The right of issue has, however, a real value to the banks, entirely apart from the notes in actual circulation, not by directly increasing their profits but by keeping operating expenses down. The supply of cash at each branch for daily counter requirements and for a reserve against emergencies consists almost entirely of the bank's own notes and thus represent to the bank an investment not of the face value of the notes but merely of the cost of their production. If the central bank is granted a monopoly of note issue, branch cash supplies must consist of central bank notes purchased at their face value by the chartered banks through the sale of an equivalent amount of the latter's earning assets.

Assuming that assets sold had yielded an income of 4 per cent and setting the total branch cash supplies at an average of $15,000 per branch, it is clear that the operating cost per branch would be increased by $600 per annum, an added charge which at many points would prevent profitable operation. This increased burden must, therefore, inevitably result in a marked decrease in the extensive branch banking system which has been an important factor in Canada's rapid development

Loss to Dominion

The fourth and last item on my list is the loss to the Dominion Government of the interest paid by the chartered banks on loans under the Finance Act. The average annual revenue received by the Government from this source during the past five years has been $1,250,000.

The net profits before dividends earned by seven banks in 1932, plus an estimate of those of two whose year ends on 31st December, amount to $16,156,590. Their average total assets for the twelve months ending 31st October are $2,896,000,000. The earning rate on total assets is, therefore, 0.55 per cent.

We are now in a position to summarize the approximate cost of creating a central bank, as follows:

ESTIMATE OF LOSSES INVOLVED IN ESTABLISHING A CENTRAL BANK

Loss of Assets by Chartered Banks:	
Capital of central bank	$25,000,000
Chartered banks' notes replaced by central bank notes (Oct., 1932)	133,000,000
Dominion Government balances withdrawn	49,000,000
Total loss of assets	$207,000,000
Loss in Annual Revenue by Chartered Banks:	
Interest loss on $207,000,000 of assets at 0.55%	1,138,500
Replacement of branch cash supplies by central bank notes $15,000 by, say, 4,000 branches = $60,000,000 at, say, 4%	2,400,000
Total annual loss of earnings	$3,538,500
Loss in Annual Revenue to Dominion Government:	
Tax on chartered banks' note circulation, say	1,400,000
Interest received on Finance Act loans, say	1,250,000
Total loss in annual rev.	$2,650,000

Heavy Loss to Banks

The loss of revenue to the Dominion Government may of course be restored by taxes on the income earned by the central bank, provided this is sufficiently large after operating expenses are covered. The loss of revenue of the chartered banks may be slightly reduced by dividends, if any, paid by the central bank on its capital, but it is hardly necessary to emphasize how seriously the position of the banks will be affected by a reduction of some 7.1 per cent of their total assets and an amount in annual revenue approximately equal to 21.9 per cent of their net earnings during the past fiscal year.

It can hardly be said that the central bank "will cost but little" unless the loss which the banks will sustain is completely ignored. It is true that the chartered banks have no inherent right to the business of which it is proposed they shall be deprived. The confidence in their stability, however, which has been such an asset to Canada during this crisis rests in a considerable degree on the extent of the resources which they control. If the central bank would add great strength to Canada's financial structure or if that bank could perform duties which the existing machinery (even though suitably modified) is incapable of undertaking, the chartered banks might justifiably be asked to make the sacrifice. I have in this series of articles, however, given my reasons for believing that the central bank will do neither of these things.

Banks Don't Own Deposits

Some people may say "the banks are so wealthy and their profits so large that they can afford to pay the cost of the experiment." The "wealth" of the banks—that is, the money which is actually the property of their shareholders, consists only of the capital, the reserve fund and the undivided profits of their institutions. The remainder of the sum shown as total assets by the banks represents the investment of their depositors' money and represents the "property" of the latter returnable on demand.

Accusations that the banks' profits are excessive are generally based on the grounds that, despite the payment of dividends at high rates, they have been able to accumulate such large reserves. Whether corporations are under private or public ownership, the policy of creating adequate reserves as a safeguard against emergencies by setting aside sums from profits has been recognized as one of only common business prudence. Large reserves are more vital to a bank than to any other organization, since their existence reduces the possibility that financial panics may occur. On these grounds alone, the size of bank reserves needs no defence. As a matter of interest, however, I might mention that over two-thirds of the aggregate reserve funds of the chartered banks were not derived from profits but represent the difference between the par value of and the price paid to the bank in cash for, shares when new issues were offered for sale at a premium.

Dividend Return Small

The rate of dividend a shareholder receives must in all fairness be calculated not on a part only but on the whole sum he has invested. Reserves should clearly be included in his total investment whether provided from the shareholder's own resources or derived from profits earned by his corporation and retained to build up reserves instead of being distributed at once.

On the basis of combined capital and reserves the Canadian bank shareholder has in 1932 received a return of slightly less than 5¼ per cent a yield which I believe no fair-minded person will consider excessive in view of the "double liability" to which bank shares are subject. Does this investment return—which I may point out, will be smaller in 1933 since dividends were reduced only in September last—warrant a demand that the bank shareholder shall bear all the cost in the uncertain venture of creating a central bank?

Editor's Note. — This is the seventh article in a series by a Canadian banker, written for The Financial Post, to give the viewpoint of Canadian chartered banks on the question of a central bank for Canada. The eighth and final article will follow in a subsequent issue.

SOUTHERN ALTA. PURCHASE POWER $30,000,000 IN 1932

Year-end Survey Reveals Many Favorable Results in Area

BIG BEET CROP

Coal Production Increased and Coking Plant Revived—Gas and Oil Operations Reviewed

From Our Own Correspondent

LETHBRIDGE. — From figures available covering industrial activity in Southern Alberta during the past year the fact is revealed that this territory fared comparatively well, the value of wealth production being down very little from that of the year previous.

The one bright spot in the picture is the sugar beet industry. Final figures on the beet season show that 150,000 tons were harvested giving a sugar yield of 450,000 100-pound bags or 45,000,000 pounds, roughly enough sugar to satisfy the sweet tooth of Alberta. The value of the output of the Raymond plant of the B. C. Sugar Refining Company is $2,225,000, an all-time record for the plant. The factory output would make a wall fifty feet high round the town of Raymond indicating the growing importance of sugar beets in the life of Southern Alberta and revealing why farmers are agitating for another factory.

Buying Power $30,000,000

Time was when the wealth production of the Lethbridge trade and rail territory ranged from $60,000,000 to $80,000,000. The deflation period has taken its toll and the figures have shrunk to roughly $30,000,000. Productive power on the farms, factories and mines have been maintained and when the tide turns this region will be ready to "go" 100 per cent.

A million and a half acres have been summer-fallowed for crop this year and the farmers as a rule have feed and seed to take care of spring requirements. There is also an excellent moisture reserve so that all that is needed is a better price. The value of the 1932 wheat crop is $10,500,000 compared with $9,200,000 in 1931. Livestock and dairy products added another $6,000,000 and coal, oil and gas $5,500,000 compared with $6,000,000 in 1931. Potatoes and vegetables, wool, hay, feed, etc., added their quota while manufacturing yielded $3,000,000.

Coal Production Increased

Coal production for the Lethbridge field showed an increase over the previous year: 319,900 tons, 1931, 344,000, 1932. A decline, however, is revealed in the commercial field of the Crow's Nest Pass which passed through six or seven months strike with mines in Coleman, Blairmore and Bellevue tied-up. In the Pass steam coal camps the output for 1931 was 878,070 tons as compared with 562,290 tons last year.

One feature of the year was the revival of the coking industry at Coleman by the International Coke and Coal Company. The company has a large contract with the Trail smelter of Consolidated Mining and Smelting Company and this the Coleman ovens are now filling. Considerable coke is also sold to the Raymond sugar factory and on the whole there is a possibility of expansion in the coke business, one cheering feature of the rather gloomy coal outlook.

Gas and Oil Results

Gas and oil continued to add their quota to the wealth of the Lethbridge territory. Red Coulee wells produced roughly 35,000 barrels of light gravity crude oil during the year, 30,000 barrels less than 1931. The low price for crude has not encouraged development and only one new well was brought in on the border. Prospecting yielded no new commercial fields but explorations are continuing.

The Hudson's Bay Oil and Gas company is preparing to test its No. 1 well in the Keho Lake field, 18 miles northwest of this city. A show of oil in the lower Bentons will be tested for production with the pump. The Nordon-Roney well in the Twin River field, northwest of Red Coulee, is drilling, also the Oil City well, Waterton National Park, testing the original Alberta oil field.

No drilling was done by the Canadian Western Natural Gas Company but re-pressuring of the wells of the old Bow Island gas field continued and there is now stored underground over three billion cubic feet of Turner Valley gas carried to the wells by a special pipeline. The re-pressuring venture has proven a complete success. A small volume of gas was exported to Montana by the Range Oil and Gas Company from the Rogers-Imperial well on the border. Oil refineries at Coutts, enjoyed an active year. Northwest Stellarene Company added a Dubbs cracking unit to their refinery. The Maple Leaf refinery passed into new hands, said to be Imperial Oil.

MT. ROYAL HOTEL EARNINGS RECORD SHARP DECLINE

Net Loss of $296,176 After Charges in Last Year

From Our Own Correspondent

MONTREAL.—Net earnings of Mount Royal Hotel Co. in 1932 totalled $151,489 compared with $583,678 in the previous year. After provision for mortgage interest, amortization and depreciation there remained a net deficit of $296,176 compared with a profit of $126,451 in the previous period. No disbursement was made on the preferred last year and the balance at profit and loss was converted into a deficit of $284,445. This was increased to $348,312 by provision of $50,000 for depreciation in the company's investment in the Canada West Indies Hotel Co. and a reserve of $20,000, less adjustment of $6,132, against a claim now in litigation against the United Hotels Co. of America.

The report shows that the December, 1932 installment on the company's mortgage loan, which is repayable in installments of $120,000 annually, was deferred by arrangement with the mortgagee.

Profit and Loss Figures

Following is a comparison of profit and loss for the past two years:

	1932 $	1931 $
Net earn.	151,489	583,678
Mtge. interest	195,891	201,747
Amortization	51,715	55,480
Depreciation	200,000	200,000
Net profits	*296,176	126,451
Deduct: Pfd. dividends	......	204,771
Surplus	*296,176	*78,320
Prev. surplus	11,731	90,050
Balance	*284,445	11,731
†Add	63,867	......
P. & L. bal.	*348,312	11,731

*Deficit.
†Amount reserved for depreciation of investments, $50,000, plus amount reserved against claim in litigation, $20,000 less adjustment affecting prior year, $6,132.

Working Capital

	1932 $	1931 $
Curr. assets	770,611	801,576
Curr. liabilities	149,180	167,987
Working capital	621,431	633,589

Cash is Higher

Balance sheet shows cash at $165,583 an increase of $68,000, while call loans are down $71,000 at $70,842. Securities are carried at $415,655 but market value at December 31, 1932, was $311,650. Securities were carried at $436,105 in the previous year. Accounts receivable, inventories and prepaid expenses are all lower and litigation claim at $40,768 is lower by $20,000. Property less depreciation is carried at $7,956,006, a decline of $219,490, and goodwill is still carried at $900,000.

In liabilities accounts payable are lower by $11,000 at $104,474. Reflecting deferment of installment payments, mortgage loan remains unchanged at $3,560,000. During the year there were issued $4,600 of 6 per cent preferred shares bringing the total outstanding to $6,814,100; this reflects in part conversion of $4,000 of 8 per cent preferred shares into the 6 per cent shares. There is now outstanding $11,000 of the 8 per cent preferred.

In the same way $600 of 8 per cent debentures have been converted into 6 per cent preferred stock leaving $600 outstanding. These conversions do not affect the total of capital stock issued which is still carried at $6,825,700.

Remarks to Shareholders

In his remarks to shareholders, J. A. Raymond, president of the company said in part:

"The business experienced by your company during 1932 was, frankly disappointing. There was a noticeable decrease in the number of people travelling, reservations for a number of important conventions were cancelled while the tourist business fell below even the most conservative expectations and marked what was probably the poorest season in the past quarter of a century. The spending power of the public patronizing the hotel was curtailed to a minimum, while competitive conditions forced a reduction in the charges for the hotel's various services."

Western Homes Earns 4.6 p.c. on Capital

Profits of Western Homes Ltd. was $65,189 in 1932, as compared with $71,846 in the previous year. After deducting $62,725 for dividends paid, income tax payable and insurance premiums, $33,931 was carried forward in surplus account into 1933. Paid-up capital was increased to $1,407,191 from $1,373,643 so that earnings on paid up capital were 4.6 per cent before income tax reserve and insurance, as compared with 5.2 per cent in 1931.

Total assets of $1,630,392 include mortgages, agreements and secured loans of $1,307,326, down from $1,431,579 in 1931. Cash is carried at $3,667 and cash surrender value of insurance at $3,527. Property acquired through foreclosure is up to $303,669 from $198,362. This includes farm lands which are up to $148,851 from $97,245 and city property up to $154,819 from $101,117. Loan from the Royal Bank has been reduced to $8,000 from $45,000. Subscribed capital is reduced to $3,027,700 from $3,138,600. Deferred profit is down $20,000 to $35,000 and general reserve is shown at $140,000. Earnings of the company since 1928 are as follows:

Earnings Record

Year	Paid-up Capital $	*Net Profits $	Div. Rate %	Rate †Earned %
1928	1,190,943	93,576	4	7.8
1929	1,272,967	83,795	4	6.6
1930	1,338,863	71,930	4	5.3
1931	1,373,643	71,846	4	5.2
1932	1,407,191	65,189	4	4.6

*Before deducting income tax reserve, insurance premiums, etc.
†On paid-up capital.

October Freight Loadings Below September Tonnage

Freight loaded at Canadian stations and received from foreign connections during October amounted to 6,270,424 tons which was slightly less than the September tonnage although October has, in the past, been the heaviest month of the year. An early and heavy movement of wheat this year was the chief cause of this shifting forward of the peak. Wheat handled during October amounted to 1,676,443 tons, as compared with 2,327,216 tons in September and 1,560,170 tons in October, 1931.

Other than some of the grains there were few commodities to show increases over the October, 1931, traffic. Lignite coal increased by 127,325 tons, but bituminous decreased 271,708 tons and anthracite 5,708 tons. Building materials showed large decreases, sand, gravel and crushed stone was down 286,715 tons, cement 91,841 tons and lumber 86,503 tons.

Total tonnage for the ten months amounted to 50,498,841 tons which was 11,543,651 tons, or 18.6 per cent less than in the first ten months of 1931.

Graustein Personal Stake In I. P. Over $3,000,000

Head of International Paper Says He Has Never Sold Share — Outlines Policy Relating to and Standing of Canadian Properties

From Our Own Correspondent

MONTREAL.—A. Graustein's personal investment in the companies he directs, International Paper and International Paper and Power Co., amounts to over $3,000,000 and to date he has never sold a share. This was the statement made by Mr. Graustein in giving evidence in the lawsuit brought by Harry Helfman against the American Light and Traction Co. to account for alleged losses of some $25,000,000 by that company.

In his rôle as a witness for the defendant, Mr. Graustein was called upon to describe generally the business of the International Paper Co. from his entrance into it in 1924 and as it progressed until 1929, when the International Paper and Power Co. was formed. In view of the company's heavy stake in Canada, his remarks are of particular interest at this time when efforts are being made to place the Canadian newsprint industry on a sound footing.

His evidence, relating to the company's development of its Canadian properties, follows:

"In 1924 the International Paper Co. was 26 years old. When it was formed in 1898 it acquired, oh, perhaps, seventy-five to eighty-five per cent of the newsprint mills in the United States. At that time there was a tariff on the importation of newsprint and there were no mills in Canada. In 1911 the tariff had been removed and since then, the industry developed in Canada until the Canadian industry today is pretty nearly twice as big as the American industry. They are viewed as one because they both sell in the same market, that is, the United States.

"In the period from 1898 to 1924, International had seen the consumption of newsprint grow most astonishingly, at a cumulative rate over six per cent per annum. But it had built but one new mill. Of course, the consumption of newsprint, — I have the precise figure: for 1900 it was 629,000 tons; in 1924, it was 2,951,000; a more than four fold increase. That increase had to be supplied by additional mills, but the International, with one exception, had built no additional mills. And the new mills which had been built to supply the great increase in demand were owned by others, and, of course, were more modern than those owned by the International.

Lose Dominant Position

"By 1924 International had shrunk from a factor involving seventy-five to eighty-five per cent of the capacity of the continent, to one that involved nearer — about fifteen per cent, perhaps less, in its sales. And that fifteen per cent, as I have intimated, was older, with the exception of the one new mill that had been built,—older, almost, than any of the competing properties.

Determine New Policy

"Those circumstances made it almost imperative for the International to orient itself and determine upon a definite policy. The policy which was determined upon was the policy of gradually establishing new mills of the most efficient type in Canada, which is the place where the most efficient mills can be built, due to the natural conditions, water power and timber; and the International decided to do that, with the idea of gradually retiring its mills in the United States, some of which had become nearly, completely, obsolete, —others of which are still good paper mills. I do not mean to indicate that all of the properties in the United States had become obsolete, but a large number had. So, in that year, a programme was decided upon by the directors of the International, having as its objective the putting of the International in a place where its newsprint mills would be the most efficient in the industry. A corollary of that was, as I have intimated, the retirement of the old mills in the United States.

Power Factor Important

"Now, in both connections, the electric power matter comes into the picture. In building new mills in Canada, we faced the problem of either developing power ourselves or buying it. And, in most cases, we developed it ourselves, and thereby found ourselves in the power business in Canada.

"The amount of power consumed in newsprint is so great that a mill cannot compete if it uses power generated by coal. I dare say there is no newsprint mill on the continent that grinds its wood by the use of coal generated, fuel generated, electricity. The water power generated electricity is normally cheaper when you have power whose natural characteristics are favorable. Therefore, a newsprint mill must have water power. And, so far as I know, it always has.

Surveyed Canadian Field

"In Canada, therefore, we had to provide ourselves with a large amount of power. We surveyed the entire field of possible sites, before we started, and it was our objective not to build the cheapest mill we could get, and not to take the sites which might be purchased most cheaply, with the consequent higher operating cost. We worked throughout toward the objective of creating mills which would be the most efficient that could be built, and mills in which the operating costs would be the minimum. Of course, that involves somewhat higher capital expenditure.

"We never, I might say, built any mill on a promotion basis.

"We never, either in any subsidiary company, nor in the parent company, gave one single share of stock as a bonus.

Built on Sound Basis

"I am trying to emphasize the fact that we were building on the most sound basis that we could conceive. Now, building on that basis, we came to the conclusion that we ought to own our own power where it was feasible. And, in seeking out the locations for the new mills, we had the power supply in mind as one of the factors. We built our first new mill just at the mouth of the Gatineau River in Canada. The Gatineau drains an area about the size of Massachusetts.

"In acquiring the timber limits on the Gatineau, we acquired, incidentally to them—because they were in the same ownership—two of the three big power sites on the Gatineau.

Develop Three Sites

"The water power production of those sites was more than enough to supply a mill, and yet, the economical thing to do was to develop them together. In fact, the real economical thing to do was to develop all three. We did not own the third, so we bought that, an undeveloped power site, from the Canadian Pacific Railway, and paid them a good many million dollars for it in its undeveloped condition. Then we proceeded to develop all three powers on the Gatineau River, first making a contract with the Ontario Hydro-Electric Power Commission for the sale to them of a very large block of power, a total of 260,000 horsepower in one contract. The Ontario Commission was to take that power in steps, so much the first year, so much the second, so much the third, and, I think, it ran into a fourth year—the figures being based on the estimated increase in their requirements for power.

Complete Work in 1929

"When 1929 came, we had completed, physically, this development on the Gatineau and were delivering power to the Ontario Commission. But they were not yet taking the full amount, so we had an assured increase in our income, which would come on each October 1 of succeeding years, as they took a further amount. I might say that, before we made this big investment, we, of course, calculated what it would cost and what we could get from it, and how much it would make.

Costs Meet Estimates

"My recollection is that our actual costs were within one-half of one per cent of our estimate, and we delivered the initial block of power early in the morning of the date on which it was due.

Spent $100,000,000

"I cannot say offhand the total costs of these power projects in Canada, but I should guess it was over $100,000,000, all of which, again, we provided without issuing any bonus securities. Our programme up to 1929 had worked out entirely according to schedule.

"There have been very few, if any, privately built power projects which involved the development of so large a volume of power in so short a time. The total, as I remember it, our Canadian power subsidiary now has 800,000 horsepower developed; and, for comparison, there is something in the neighborhood of 500,000 in all the developments on the American side of Niagara.

"You will remember that I explained our going into the power business in Canada as being an incident, originally—though the tail may have come pretty nearly to wagging the dog—an incident, originally, of our programme of construction of additional newsprint mills in Canada."

Timber and Mill Costs

Mr. Graustein went on to describe the company's timber holdings and the manner in which they were carried on the books. The cost of carrying idle mills was also dwelt upon. His comments upon these two factors follow:

"The total timber which we controlled practically in perpetuity either by freehold holdings or by Crown lease, amounted, at that time and does now amount to something upward of thirty thousand square miles, which is an area more than half that of New York State, and which is about the area of New England excluding Maine. That timber is in Newfoundland, New Brunswick, Quebec, Ontario and in Arkansas, Louisiana, Mississippi, New York, the State of Vermont, New Hampshire, and Maine; perhaps some small holdings elsewhere.

Lower Book Values

"One factor which I emphasized at that time was the conservative character of our bookkeeping as reflected in the book values of these timber holdings. Some of these timber holdings we had for a great many years, and our bookkeeping practice, when we cut down a cord of wood from a certain timber holding to reduce the book value of that timber holding by a certain amount, which varied from time to time and from holding to holding. The result of that was that on some important holdings, some very important holdings—I will mention them—we had reduced the book values of our timber to zero, though there remained a huge amount of timber.

"I have been told, and I haven't the least idea whether correctly or not, that we are the largest, in point of area, the largest land holders in New York State. Whether that be true or not, the fact is that our lands in New York State, barring the construction on them, the mills, stand on our books at zero, having been written down through these depletion charges year after year.

St. Maurice Timber Values

"The same thing is true of what is perhaps our most valuable holding in Canada: That is our vast areas on the St. Maurice River. The St. Maurice River is the heart of the newsprint manufacturing district in Canada. There are more paper mills on that river than on any other single river, and correspondingly, timber on that river is of higher value because of the great demand created by the location of the mills there. And our holdings on that river are on our books at zero.

"Our holdings in the State of Maine are on our books at figures far below the cost of them, but not down to zero.

"A newsprint mill includes a huge investment per dollar of turnover. I don't know any industrial enterprise that does require as large an investment per dollar of turnover—I do not mean there aren't any, but I don't know of any. There is the hydro-electric development. Even if it is not owned by the paper mill, the custom in Canada has been that the paper mill contracts formally to buy the power whether needed or not, so the power bill becomes a fixed charge just as an interest charge on the bonds would be if the power had been owned by the paper mill. Then there is the mill itself and the timber and working capital, and as a result the capital investment not infrequently will run up to four or five times the annual turnover.

Idle Mills Expensive

"The significant consequence of that is this, that if a mill stands idle there is a huge interest charge running against it. Let me put it in another way: In the total cost of a ton of newsprint, we might say roughly that sixty cents out of each dollar is operating costs and forty cents interest costs and other overhead. The figures vary at different mills, but that will do for illustration at any rate. It is not far from right.

"It is apparent that if that mill only runs half full the operating costs of sixty cents may remain fixed, although it will probably go up somewhat because the less operation you get less efficiency. But it is clear that the interest cost of forty cents would be just double because you would have just half as many tons to divide the interest charge by. So you would have eighty cents interest instead of forty. The result is that the interest element in the cost of newsprint is extraordinarily heavy, and the consequence of that is that the sales position is of unusual importance.

"At the time (in 1929) International's sales position was preeminent among all of the Canadian companies as a result of very vigorous efforts which we had made during the past two years. That condition still maintains."

Maintain Sales Position

Referring to the current position of International, Mr. Graustein said:

"We have been successful in maintaining substantially unimpaired all our sales connections, and to some extent increasing them, but we, of course, are not free from the effects of each of our own customers' decline in consumption.

"The same newspapers that purchased from us in 1929, still purchase from us. On the whole, with few exceptions, and perhaps some more; but the consumption of each one has shown a tendency to decline and our sales in Canada and Newfoundland—those are our modern mills, where we concentrate our production — even there our sales on domestic business are not much over 50 or the neighborhood of 55 per cent, and domestic and foreign combined, not over 65 per cent, whereas in 1929, we were running full or substantially full.

"Our present uncomfortable showing of earnings is due to lack of volume, which is of extreme importance in newsprint, and to decline in price, which is occasioned by lack of volume, but not due to any miscalculation as to the potentialities of the mills in regard to cost of production or in regard to their relative position in regard to the other Canadian mills.

"Year after year, since 1928, particularly since the latter part of 1928, we have been steadily and very substantially lowering our costs by more than that lowering which would correspond to the general reduction in the level of wages and commodity prices. We have been lowering our costs by increasing efficiency of our paper mills.

"I do not know if I have said this, but if we had not had the depression reducing our sales and had not had the corresponding price reduction, we would be making, I should say offhand, at least $15,000,000 a year more than we are making."

Canada Life Assurance Company Enters Eighty-sixth Year in Strong Position

Mr. Leighton McCarthy, President, Makes Annual Address

The eighty-fifth Annual Meeting of the Canada Life Assurance Company was held in the Head Office of the Company, Mr. Leighton McCarthy, presiding.

Address by the President

So much has been said and published with reference to World Depression, its causes and its remedies, that I deem it unnecessary and inadvisable to add thereto; consequently I do not this year follow our usual custom of commenting upon affairs in general, more than to say that we should consider ourselves fortunate that so many of the catastrophes feared for 1932 did not materialize. I propose instead to refer at greater length to what the Institution of Life Insurance generally and our own Company in particular have performed and accomplished during this distressing period. I do this in order that the public, our policyholders and shareholders may more fully appreciate the unshaken stability of Life Insurance, despite all the adverse circumstances of the depression, and also that it may be realized what a splendid part Life Insurance has played in relieving the monetary strain, and in many cases averting financial disaster. This was accomplished during a period marked by severe losses in practically all lines of business.

Let me remind you of the rapid advance of Life Insurance during the ten years prior to what we term the period of depression and recall to you that, at the end of 1929, there was in force in the United States One Hundred and Three Billions of dollars, and in Canada Six and One-half Billions of dollars. I do not propose, however, to emphasize figures, but rather the performance of the Institution of Life Insurance under the distressing conditions of the world during the last three years.

Life Insurance Distributes Wealth

Life Insurance is a co-operative association of individuals. It has been well said that Life Insurance Companies are distributors, and not creators, of wealth. The policyholders are the principal owners, and it is for this reason that the management of the funds is accepted as being in the nature of a trust. The funds represent the contributions of individuals made in instalments over a series of years; these funds are managed in the common interest of the group of policyholders, and are distributed or redistributed in varying maturities to the individuals as the various contracts require.

In its early days the appeal of Life Insurance was largely because of the provision made for the insured's dependents, in the event of his death. That appeal continues; but, in addition, it has been found that Life Insurance is a source from which the insured himself may derive much benefit and relief in times of emergency such as we have been passing through.

Six and a Half Billions for Current Needs

On the American Continent during the three recent years of depression there have been made available for the current needs of distressed people Six and One-half Billions of dollars, which would otherwise not have been available, and without which conditions would have been immeasurably worse than they actually have been.

Life Insurance, by its certainty of performance, has so completely demonstrated its solidity and usefulness under the economic strain that it is hard to overvalue the service contributed during this period of depression to its policyholders and to the national welfare. The beneficent purposes of Life Insurance have been vindicated in a broader way than was contemplated in earlier days. It has shown itself a wonderful reservoir from which the insured himself may draw to relieve his own emergencies.

Prepared for Emergencies

This leads one to inquire how this has been accomplished, and what effect the accomplishment of it has had on the Companies themselves. The answer is that it has been possible to do this without interruption of the normal functions of the Companies largely owing to the fact that they were better prepared to meet the emergencies to which they have been subjected than other lines of business, and because the demands they are likely to have made on them are spread over a period of years. Demand for liquidation of all or even a substantial part of their liabilities at one time is not a normal possibility; neither are they subject to a sudden immediate interruption of their income. Their income from premiums and interest is a constant and continuing one. Income is in normal times more than sufficient for all claims made on them, but even if, in times of crisis, extraordinary demands are made upon them, a proper diversification of their investments makes it possible for them to take care of these demands without difficulty.

Diversification of Investments

Wide diversification of investments, with due regard for liquidity, provides a source of funds in times of emergency. If attention is paid to maturities there is a constant inflow of moneys, either for current use or for reinvestment.

Redemption and principal instalments on mortgages also add to the normal flow of such funds. The ability of the Life Insurance Companies to take care of the demands made upon them is sure evidence of the fact that sound selection and diversification of investments have been the general rule.

Associated with this diversity has been the traditional observance of the trust fund conception of our reserves, and habitual conservatism in investment selection. But, as Mr. John R. Hardin, President of The Mutual Benefit Life Insurance Company, said in New York, on the Ninth of December last, at the meeting of the Association of Life Insurance Presidents:

"Some there were who, with best intention but with cloudy prevision, would have liberalized our investment practice and exposed us to the temptations of speculative gain, but these perils were happily avoided."

Canada Life Resources Ample

Speaking for my own Company, I can say that we have taken care of all demands from the ample resources at our disposal, and that we have not sold a security to provide funds for our disbursements.

It is worthy of note that the depression is not diminishing the activities of the Life Insurance Companies. They carry on, regardless of business conditions, and they must continue to do so, unless they abandon the purpose for which they were organized.

It is true that the Agency forces may find it difficult to maintain the volume of new business written, but they have extra duties to perform, in service to their policyholders and in endeavoring to conserve the business on the books. While this results in a regrettable reduction in the earning capacity of the agents, which we trust will be corrected when conditions improve, a tremendous volume of new business is not in itself a factor in considering the standing or soundness of a Company.

Life Insurance a Social Benefit

Life Insurance is a great social asset, and the nation is benefited by its wider spread. But new lives are not necessary to a sound Company for the purpose of meeting its demands when due on existing policies. This is important, and I therefore repeat that a sound Company could cease taking new risks without affecting its ability to carry the risks on hand. Life Insurance premiums and reserves are all computed on this basis.

Increase in business in force is, however, of distinct advantage to society, and our efforts continue steadfastly in that direction.

Life Insurance, of course, does not escape, either from the Insurance standpoint or the Investment standpoint, from the adverse effects of long periods of business depression. The Life Insurance policy is a ready asset in time of pressing necessity; therefore, an immediate consequence of a panic or depression is a heavily increased demand for cash surrender values. This depression has been no exception. The demand began in the last three months of 1929, and has continued since, although there are now signs of its subsiding. It is not too much to say that the outstanding feature of Life Insurance performance during these last three years has been its uninterrupted response to demands for policy loans and surrenders.

It should be realized that, as the Life Insurance policy is a ready asset in time of need, it is equally true that the need for Life Insurance increases just at the time the ability to obtain it becomes less. We, therefore, deprecate the necessity which brings about the liquidation of an asset which would otherwise be available for the policyholder's beneficiaries, or his own mature years. It is of further importance to appreciate that these unexampled substantial demands on Life Insurance Companies have been met promptly and without disturbance to the financial fabric of the Companies.

Relieving Monetary Strain

While these demands are regrettable for the reasons I have mentioned, they have been a notable contribution to the ability of individuals to survive the ordeal of these difficult times. They relieved monetary strain, and in many cases averted real financial disaster.

In three years cash payments to Living Policyholders in the United States and Canada exceeded Four and One-half Billions of dollars.

In three years cash payments on death claims to Estates or Beneficiaries in the United States and Canada exceeded Two Billions of dollars.

Or, a combined total of over Six and One-half Billions of dollars.

If the distribution of these enormous sums of money had been the only service rendered by Life Insurance Companies during the depression, surely they would have a right to be regarded as great public benefactors!

Current Revenues Sufficient for All Demands

It will appear from these figures that there has been a great pressure for cash upon the resources of the Life Insurance Companies. If the experience of our own Company, in not having to sell a security to obtain the necessary funds to make its proportionate share of these disbursements, is a criterion, it would indicate that current revenues from premiums and interest and from investment instalments and maturities have been sufficient for all demands. In other words, the system upon which Life Insurance was built has accomplished what it was designed to do.

It is not difficult to visualize what a Godsend the availability of these funds has been, particularly so when to secure employment is so difficult, if not impossible, and when also it is realized that these insurance moneys are, in a vast proportion of cases, the sole dependency of the family. Beyond doubt, Life Insurance is one, if not the greatest, aid to the maintenance of economic stability, and contributes largely to the resilience of a nation. It also provides an exhaustless reservoir of faith and confidence, which are the main requirements for rehabilitation and return to normalcy.

Assets Increase

Despite the disbursements made by Life Insurance Companies, there has been a further outstanding accomplishment, and that is a large increase in the total assets under the administration of the Life Insurance Companies at the end of 1932. The total admitted assets of fifty-two leading Companies in the United States amounted to approximately Nineteen Billion dollars, as compared with Sixteen Billions at the end of 1929. In Canada, the figures are approximately Two and One-quarter Billions in 1932, and One Billion Eight hundred and fifteen millions in 1929. That such an increase in assets could occur in years of acute depression is a tribute to the soundness of the Institution of Life Insurance.

It will be clear from the foregoing that Life Insurance is a social as well as an individual benefit. These benefits are obtained as the result of prudence and thrift on the part of the individual, and the policy payments often represent wealth that otherwise would be consumed. By the accumulation of modest payments from many people by the Insurance Companies, a reservoir of capital is created which increases the productive power of the nation.

The whole system of Life Insurance is a high form of voluntary co-operation whereby longer-lived persons share some of their wealth with the heirs of shorter-lived persons. The former, in turn, are guaranteed at their own death that their heirs will be cared for.

Taxation of Premiums Continues

The country benefits from Life Insurance because a death benefit or a matured policy enables a recipient to maintain independence, who might otherwise be forced to become a public charge either upon the State or charity. It is therefore much to be regretted that there is a growing tendency to increase taxation on Insurance. Such taxes add to the cost of doing business, and must be charged to the policyholder through increased cost of premiums or a lower return on his policy. Taxes of this character tend to discourage saving and reduce the number of people practicing the virtues of thrift.

One dislikes to offer criticism of the treatment accorded Life Insurance by our Legislators, but we cannot close our eyes to their readiness to tax unduly the institutions upon their incomes; in other words, upon the sums which the great body of assured are voluntarily setting aside each year to provide a competency for themselves or their dependents in years to come. Unfortunately and unfairly, the tendency to tax more heavily is growing as the increasing savings of the people are constantly presenting a more remunerative source of revenue. The Company officials have in vain exhausted their eloquence, persuasive and denunciatory, and it would seem that only through the medium of the ballot can the legislators be led to see the iniquity and injustice of thus penalizing the man who desires to save.

Canada Life Progress

In face of last year's conditions, I congratulate our associates in the Field on the result of their work. It is true that the volume of sales does not measure up to the figures of some previous years when the world was more prosperous, but I feel that, to have new paid-for assurances amounting to Eighty Million, five hundred and thirty-five thousand, eight hundred and two dollars put on our books during a period when financial conditions were badly disturbed is a tribute to the well directed and persistent efforts of our associates in the Field. The considerations for the sale of Annuities increased by Two Million, one hundred and twenty-six thousand, four hundred and seventy-five dollars over the previous year, and amounted to Seven Million, seven hundred and eighty thousand, two hundred and ninety-eight dollars. It is interesting to note that this meant the writing of eight hundred and sixty more cases than in the previous year. The total business in force, of Nine Hundred and Twenty-Six Million, three hundred and eighty-nine thousand, nine hundred and eighty-two dollars, shows a decrease over last year, which was to be expected, having regard to the heavy surrenders and lapses experienced by all Companies, and to which I have referred in my earlier remarks, but more particularly in our case due to the liquidation of a very large Corporation in the United States, where we had a blanket group coverage amounting to over Sixty Million dollars, a large portion of which automatically went off our books. I congratulate most heartily all the members of our Office and Field forces in Great Britain, Northern Ireland, the Irish Free State, the United States, Hawaii, Newfoundland and Canada, and desire to express our appreciation of their splendid work. The General Manager will speak more particularly with reference to it.

Income

Our total net income from all sources was Fifty Million, one hundred and thirty thousand, four hundred and forty-three dollars. Despite reduced volume of sales and business in force, these figures compare most favorably with our net income last year of Fifty Million, nine hundred and thirty-nine thousand, three hundred and thirty-four dollars.

The Company has made payments during the last year of $29,252,911 under its Policy contracts, in settlement of death claims, matured endowments, dividends, annuities and cash values for surrendered policies, or a total of Eighty Thousand dollars each day of the year. Of this amount Twenty Million, two hundred and thirty thousand, six hundred and sixty-eight dollars was paid to living policyholders.

The interjection of this $29,252,911, together with similar distributions made in 1931 of $25,584,206 and in 1930 of $23,147,101, a total of $77,984,218, into the daily activities of the general public, in addition to the flow of funds into policy loans and investments, is this Company's share of the Six and One-half Billion dollars which Life Insurance has contributed during the three years of depression.

Surplus and Special Reserves

The Surplus Funds and Special Reserves of the Company are $8,237,758, after writing down securities by $846,061. The Surplus Funds include provision for payment of Dividends to policyholders amounting to $2,683,554, and $3,554,205 of Unassigned Surplus, the latter being an increase of $57,778. Reserves for special contingencies have been increased to Two Million dollars.

Canada Life Investments

I have referred at some length to the contribution made by Life Insurance Companies to the stability of our economic system. That this could be accomplished is due largely to the selection and diversification of the investments and the maintenance at all times of adequate reserves.

The year which has closed has been a severe testing time for all investment portfolios. The soundness of this company's policy of investment over the long period of its existence has again been fully demonstrated. When I addressed you last year I referred to the decline in security value levels and described them as the most violent and widespread in history. As you well know, this decline continued throughout the first six months of the year until the market levels of securities bore little relation to their intrinsic worth. The volume of general business also declined, and many companies with long records of successful operation behind them found it necessary to reduce or pass dividends; in many cases they had actually to default in the payment of interest on their outstanding bonds.

Our list of investments is a broad one, and it is natural that the value of some of them would be affected. It will be a source of gratification, therefore, to be informed that on the basis of actual market valuation at the end of the year our investments are substantially higher than at the beginning of the year. Further, the reserves in and behind our Balance Sheet would permit us to apply actual market values of Dec. 31, 1932, to our bonds and stocks and still produce an unassigned surplus as large as we have reported today.

Assets Over $216,000,000

The Balance Sheet we are presenting to you today is therefore a very strong one. It shows total assets of $216,886,246, an increase of $12,110,227, and it also shows that our already large proportion of Government, Government Guaranteed and Municipal bonds has been increased during the year by $14,995,119, to a total of $56,369,178. In addition we have written down assets to the extent of $846,061, and have increased reserves for investment and other purposes to Two Million dollars.

I have referred to the effect that wide diversification of investments has on the ability of a Life Insurance Company to maintain stability and safety, and meet the demands which public financial emergencies may make upon it. We have prided ourselves that this has been a distinguishing factor in our investment policy, and I am therefore submitting the following statement, which shows the present diversification of our assets:

	Per cent. of total ledger assets
Cash, Government and municipal bonds (Canada, United States and Great Britain)	28.1%
Other Government bonds	.6
Public utility bonds	10.3
Railroad bonds	1.2
Newsprint company bonds	.9
Realty company bonds	1.6
Other corporation bonds	1.9
Preferred and guaranteed stocks	2.3
Stocks of Canadian banks and trust companies	1.6
Other common stocks	.2
Mortgages	27.9
Policy loans	18.3
Real estate (including the company's buildings)	5.1
	100%

Profits on Exchange

Under present conditions of unsettled international exchange it is interesting to note the position of this Company. As regards reserves to cover policies payable in United States dollars, we hold securities payable in United States dollars for more than sufficient to cover the amount. With regard to Sterling, we hold both Sterling and Canadian Dollar securities, and during the year we have converted the latter into British Government and Municipal securities in large volume. The total result of these transactions has been that the Company realized the full book value of a number of securities which were sold, and, in addition, added to surplus funds a profit of $777,269, as shown in the statement of receipts.

First Duty to Protect Beneficiaries

The events of 1932 have amply justified the action of your Directors in determining to maintain surplus reserves, rather than distribute them in the form of dividends to our policyholders. We believe that our first duty is to protect the beneficiaries under our policies, which we also believe is the desire and intention of the original applicant for Life Insurance. Safety and stability are, first and foremost, the keynotes of our traditional policy. At this time we have decided to make a change in the system of cash distribution of dividends to our policyholders, regarding which the General Manager will give fuller details. The new system will make it possible to continue the building of further reserves, but will be more favorable to the policyholders who continue their policies in force. In this building of reserves the shareholders have taken part by a reduction of Five per cent in the dividend paid in 1932, thereby augmenting the surplus held in reserve for the security of policyholders. A reduction in the salary list affecting officers and senior staff, is also being brought about with the same object in view.

We believe that world conditions have not yet reached a point of stabilization which would warrant departure from the decision we made a year ago, namely, that disturbed conditions throughout the world call for the building of reserves behind the assets of all financial institutions. We believe the interests of our policyholders will be best served if we hold earnings in reserve as a protection against what might still happen in this long-protracted period of depression.

Mortgage Situation

At the end of the year the total funds invested in mortgages amount to $57,854,878.43, of which sixty-five per cent is in city properties and the balance of thirty-five per cent in farm properties. The City loans are in the larger cities of Canada, from the Atlantic to the Pacific, the only point outside of Canada being Detroit. The total city business is $37,565,255.81, and the interest arrears on these loans are $159,263.86, or less than half of one per cent of the amount invested.

Our mortgages covering farm properties amount to $20,289,622.62, being practically all in the three Prairie Provinces of Manitoba, Saskatchewan and Alberta; and our real estate holdings on farm properties are $556,303.30, which makes our total investment in this class of security 10.07 per cent of our total ledger assets. Owing to adverse crop conditions, coupled with the very low prices which have existed in farm commodities, the arrears on these loans are larger than they have been in previous years. However, I would like to point out that we have received from the Prairie Provinces this year on account of principal, $1,031,152.06, and interest of $1,287,033.55. Collections on our total mortgage business are, principal, $2,417,834.44, and, interest, $3,094,946.08. This means that our principal collections are equivalent to over four per cent of the total amount invested in mortgages, and our interest collections are equivalent to eighty per cent of a full year's interest. This is the picture of our mortgage business, as a whole, and reflects favorably on both our city and farm business.

It would be idle to minimize the difficulties under which our Western farmer has been operating. To harvest a large and satisfactory crop and obtain such meagre money returns from it is indeed exasperating. But it is gratifying to learn from our Managers of the attitude of the majority of our borrowers. In their annual reports we have been advised it is decidedly encouraging that, in meeting the individual farmer both in the office and on his farm, he is found to be anxious to fulfill his obligations as far as his crop income will permit, and shows little sign of extreme views. A further statement is made that, except in a limited number of districts, there are few farmers in want or on relief, and while they have not much money surplus, they are in better circumstances than many of the industrial classes in the cities.

I would like to remark on the good relations between our mortgagors and our officers, which is exemplified in the reports I have mentioned by the numbers who call at our offices to discuss their problems. This evidence of confidence existing between a debtor and a creditor not only reflects the high character of our Western farmers, but also shows that the attitude of the lending institutions towards them has not been of the unreasonable character portrayed by the more vocal and radical elements of the country, which we believe to be but a small minority. The combination of honest intention on the part of the borrower and reasonable forbearance on the part of the lender creates an atmosphere favourable toward satisfactory and voluntary adjustments between them.

There is a publication issued annually by The Nor'-West Farmer embracing a group of farmers classified by them as "Master Farmers." Perusal of this book gives one a splendid impression of the type of men who make up so large a part of the population of our Prairie Provinces, and begets strong confidence that a country capable of such production as these Provinces must in the hands of such men make recuperation certain in due course from the difficulties which exist at present.

Meantime we have written off losses in our mortgages as they occur, and are creating reserves to take care of future developments.

The rate of interest earned is 5.34 per cent. This is a reduction from last year, but this is largely due to the fact that we have not included as non-ledger assets one dollar of arrears or accrued interest on bonds in default, nor any interest arrears on mortgages which are not regarded as being capable of full collection. The rate is therefore approximately on the basis of cash collections.

It was our great misfortune to lose this year a dear friend and colleague in the death of Mr. J. H. Plummer, who had been one of your Directors since 1910 and Vice-President for some years. Throughout his whole association with the Company he felt a keen responsibility for its success, and gave most freely of his time and counsel to ensure it.

Mr. Robert A. Laidlaw has been good enough to accept a seat upon the Board, to fill the vacancy caused by Mr. Plummer's death. His appointment not only reduces the average age of your Directors, but will, I am sure, be of great assistance in forwarding the Company's progress.

I desire to place on record the appreciation of our British Manager, Mr. Wandless, Mr. Mitchell and myself, of the special work done by Mr. H. C. Cox, chairman of our Board and of the London Board, in connection with our British organization and business during last year.

I also desire to record the gratitude of our Investment Department, Mr. Mitchell and myself to Mr. E. R. Wood, Vice-President, and Chairman of our Investment Committee, for the very great assistance rendered by him during these difficult times with regard to the matter of investments. He has given us unstintedly of his time, ability and experience.

Board of Directors

The following were elected Directors for the ensuing year: Leighton McCarthy, K.C., President; Herbert C. Cox, Chairman of the Board; E. R. Wood, LL.D., Vice-President; *A. E. Ames, C. A. Bogert, Arthur V. Davis, *Aime Geoffrion, K.C., B.C.L., R. A. Laidlaw, J. A. McLeod, A. N. Mitchell, *W. E. Rundle, *Hon. Charles Stewart, P.C., M.P., John Stuart, W. N. Tilley, K.C., *Right Hon. Sir Thomas White, P.C., K.C.M.G.

*Policyholders' Directors.

Mint Activities in 1932

In the calendar year 1932, the Royal Canadian Mint in Ottawa issued 26,226,280 coins having a currency value of $665,200. The values of the silver coins were: 50-cent pieces, $18,400; 25-cent pieces, $134,000; 10-cent pieces, $134,000. Five-cent nickel pieces to the value of $165,000, and one-cent pieces in bronze to the value of $213,200 were issued.

This Week in Wheat

From Our Own Correspondent

Wheat Market Has Stronger Tone

WINNIPEG.—Strength has been contributed to the local wheat market this week by a stronger tone evident in both Liverpool and in Chicago. That this occurs when the Argentine and Australia are both putting afloat very large quantities of wheat, and Canada is supplying under a third of world shipments instead of more than half as was the case a few weeks ago, is taken as an indication that the wheat situation is becoming fundamentally stronger.

Chicago and Winnipeg prices continue to move in almost parallel courses, although with a slight tendency for prices in the United States to widen their margin. That fact is more apparent in their cash than in their future prices.

World shipments last week at sixteen million bushels were fairly high but this was offset by an increase of four million in stocks afloat. Australia continues to ship in quantity to the Orient, and the Argentine mainly to the continent. Liverpool shows interest in reports of possible frost damage to European winter wheat from frost.

* * *

Lower Acreage in 1933 Probable

REPORTS from all three Western provinces indicate some reduction in Western wheat acreage this year. To some extent this will be due to farmers growing more coarse grains, with the intention of increasing their livestock operations, at least to the extent of making their farms self supporting in milk and meat, while some increase of dairying operations for cream production is probable. Other farmers will summer fallow more land, in an endeavor to get rid of weeds and reduce the cost of producing wheat.

There will also be farms in the relief area where municipalities will not supply all the seed some farmers could use. On some larger farms, and this is especially reported from Southern Alberta there may be reduction owing to a switch from the use of tractors to that of horses. On the whole such changes as occur will be more in the direction of better than of poorer farming.

* * *

U. S. A. Grain Rate Enquiry Looms

THE Interstate Commerce Commission has refused the petition of the Chicago Board of Trade, supported by nine terminal elevator interests to dismiss the Western grain rates case which has now been before the commission for practically six years. The petitioners claimed that uncertainty as to the probable future basis of grain rates was making prospective purchasers hesitate before taking a long term position in wheat.

Had there been any likelihood of the inquiry ultimately resulting in lower grain rates it is understood that the petition would not have been filed, but the belief is general that under prevailing conditions affecting railroads it would be impossible either for the commission to issue, or for the courts to support, any order reducing rates. In 1931 the Interstate Commerce Commission, after a lengthy investigation ordered that a general reduction of freight rates on grain should take place in Western United States territory. That reduction never came into effect, for when the matter was taken to the courts by the railroads, the Supreme Court instructed the Interstate Commerce Commission to consider it again, and to take into consideration changes which had taken place, since the matter was first opened, in economic conditions affecting the railroads. So a new series of enquiries and hearings has been under way since last April, with a prospect of its being extended for some months yet. It is that process, grain interests allege, which tends to restrict purchases of grain futures.

* * *

Other Countries Gain by Lower Freight Rates

OCEAN freight rates on grain are now much lower than they were prior to the war, but the reduction has operated much more to the advantage of Australia and the Argentine than to that of Canada, mainly because, in the case of the former two there was so much greater room for reduction. At the same time, and for a similar reason, it has operated more to the advantage of Canadian ports than United States ports.

In a recent compilation published by the Food Research Institute of Stanford University, Califor[illegible]a, the following rates in cents per bushel were quoted as representing the average to the United Kingdom in 1913. Canadian Atlantic ports, 8.3 cents; New York, 5.8 cents, Northern Pacific ports, 25.7 cents. La Plata, 10.6 cents and Australia, 20.6 cents. In July of last year the Canadian Atlantic rate was quoted at 3.5 cents or a reduction by 4.8 cents per bushel. The corresponding New York rate was 3.3 cents per bushel, or only one-fifth of a cent per bushel under the Canadian rate, whereas the previous differential had been 2½ cents. The reduction on the New York rate amounted to only 2.5 cents per bushel.

In the case of La Plata the reduction was by 4.3 cents to 6.3 cents per bushel. The differential as compared with the Canadian Atlantic rate remained almost the same in 1913, but it left New York with an advantage of only 3 cents per bushel, as compared with almost 5 cents in 1913. But the Australian rate was reduced to 9.9 cents, a reduction of 9.5 cents per bushel. Whereas in 1913 New York had an advantage of almost 15 cents a bushel over Australia on ocean shipments of wheat, the margin was narrowed in July, 1932, to 6.3 cents. But the greatest change of all is in rates from the North Pacific Coast to the United Kingdom, to show a reduction to one-third the former rate, or from 25.7 cents in 1913 to 8.6 cents last July.

Grain and Milling in Canada

SOVIET BUYING OF CANADA WHEAT IS POSSIBILITY

Can. Grain Preferable to Argentine Crop For Seed

BARTER POSSIBLE

Russia Might Get 20,000,000 Bushels Direct From Canadian Government

From Our Own Correspondent

WINNIPEG.—Persistence of reports that New York office of Amtorg, the Russian trading corporation, has been in negotiation for a large supply of Canadian wheat have led to consideration of possibilities in this direction. Russian authorities were recently reported as declaring that any Russian purchases of wheat were likely to be made from Argentina instead of from Canada, and that both on account of Canada's attitude toward Russian trade and on account of the cheapness of Argentine wheat.

But some portion of any wheat bought now might well be used for seed, and Canadian wheat is highly suitable for seed in Russia, while Argentine wheat is not. In addition the position of the Dominion Government in the wheat market suggests the possibility of negotiating a purchase of wheat on credit with Canada.

Might be Advantageous

Much as the Canadian Government might dislike extending credit terms, it might in the long run be brought to consider such a deal advantageous, if it helped advance the price of wheat and thereby added value to the remainder of the government holdings. In addition, Amtorg might consider it advantageous to attempt a bulk purchase of a large amount, which could be done from the government agency.

To attempt to buy the quantity suggested, twenty million bushels, on the open market, might shoot up the price of wheat. On the contrary, it is conceivable they could get the government to sell them twenty million bushels on the basis of current quotations.

Some observers have gone so far as to wonder whether delay in governmental announcements concerning the proposed cattle deal with Russia may not be due to some larger transaction in wheat with Russia being under study.

DOLLAR INFLATION NO AID TO CANADA IN CHINA MARKET

Other Factors Govern Wheat Sales in Far East

From Our Own Correspondent

WINNIPEG.—A number of despatches have recently emanated from Vancouver indicating disappointment at the inability of Canada to compete with Australia in Oriental markets, and attributing the present condition to the great depreciation of the Australian pound. This condition has been made the basis of renewed argument that Canada should depreciate the value of her dollar, and thus increase her export trade.

But whatever the arguments in other directions, currency depreciation is not the method to increase the sales of Canadian wheat to China, by driving out the Australians. The Australians, in fact, cannot be driven out of China by Canadian wheat. The reason lies in nothing that is within the power of Canada to change, but is a matter of geography, the fact that Australia is nearer to China than she is to England.

Price Fixed in U. K.

Australia and Canada compete in the British market, and the prices of their respective wheats in Liverpool come very close to parity, although sometimes Canadian wheat sells for more money and sometimes Australian. Just at present Australian wheat is selling at close to the price of Manitoba No. 2 Northern in Liverpool. On the Liverpool basis the prices of wheat in Canada and in Australia become established.

But now Australian wheat is to be shipped to China. If the Australian price is the Liverpool price less freight, the price in China will be the Australian price plus freight, and that is decidedly less than the price in Liverpool. But the price of Canadian wheat in China is the Canadian price plus freight, and that is likely to be greater than the Liverpool price.

The situation is still more obvious if India is considered, for it has not occurred to any one that Canada should supplant Australia in the Indian market, but the facts are just as definite in the case of China as they are in the case of India.

Such considerations apply to the higher grades of Canadian wheat, and do not apply to the lower grades. When there is any considerable volume of wheat grading No. 4 Northern or lower it is possible to sell it in China in competition with Australian wheat. The only years of heavy Canadian wheat trade with the Orient have been those in which there was a large production of such grades.

In 1932, however, very little wheat was produced which graded as low as No. 4 Northern, and our business with China has consequently been small. Such wheat as China has taken has been to a large extent No. 1 Hard, this grade being selected in order to get the maximum advantage in mixing it for milling with Australian wheat.

Hong Kong Uses Good Grade

There is some limited trade in Chinese ports which wants Canadian high grade flour, or flour made from Canadian high grade wheat, as the exports of 372,000 barrels of flour from Vancouver to China last year. But a large part of this went to Hong Kong, for local use in that port, and competition on a quantity basis with Australia in Shanghai, which is the great milling centre for China, or in Tientsin which is the great market for imported flour, was out of the question.

It is evident from these considerations that the prescription for increasing our wheat trade in China at the expense of Australia is not depreciation of Canadian currency, but depreciation of the Canadian crop, and that low-grade wheat will accomplish more in that direction than will a low grade dollar.

Should Canadian Millers Accept American Orders?

Controversy Develops Over Production of U. S. Brands in Canada for Shipment to U. K. Following Check to Milling-in-Bond

From Our Own Correspondent

MONTREAL.—American millers are not accepting without a struggle the ban which the British 10 per cent duty on foreign flour has placed on products formerly milled-in-bond at Buffalo. The latter procedure which allowed them to compete with the Canadian miller in the British market on a quality basis, has been effectually checked by the new duty, but the manufacturer of American brands sold in competition with high-grade Canadian flour is now obtaining continued free entry for his product through the simple expedient of having it milled in and exported from Canada.

Two courses are open to the American miller desirous of retaining his position in the British market. The first is to give his export work to a Canadian mill which ships the flour from Canada under the old trade name. The other is to establish a branch plant in Canada. In both ways the American miller is able to secure the benefits of free entry for flour ground from Canadian wheat and regain the privileges he enjoyed under milling-in-bond.

Causes of Discussion

Both solutions are the source of discussion in the Canadian milling trade. In the first place Canadian millers see continuance of American competition in the British market, while establishment of branch flour mills in Canada might tend to increase the present over-capacity of the industry unless the branch plant confined its activities solely to grinding for export.

To date there have been no plans announced for the establishment of branch plants in the Dominion, though it is understood that pourparlers have been conducted by American companies with a view to acquiring some of the Canadian properties now idle. On the other hand, one Canadian company has accepted orders to grind a limited amount of flour for an American company which is shipped out under the old trade name with "milled in Canada" stamped on each bag.

Milling-in-Bond Checked

To understand the situation it is necessary to realize the implications of milling-in-bond. The reason why Canadian millers have consistently fought against this privilege of American mills at Buffalo is that it allowed the American miller to import Canadian wheat duty free, mill it in bond and ship out the resulting flour under his own trade names. Canadian hard wheat admittedly makes the highest grade flour known; thus, through the privilege of milling-in-bond, American flour was able to compete with the Canadian mills on a quality basis in certain brands. In recent years there has been a consistent gain in the quantity of grain milled in bond at Buffalo; in fact, in 1930-1931 it was estimated that 40 per cent of all Canadian wheat ground for export was milled-in-bond.

With a 10 per cent tax on foreign flour imports into the United Kingdom, shipments of American flour are virtually excluded and milling in bond has become impracticable. The Canadian miller appeared to be in a position where he might hold the British market and consolidate the strength of his trade names. He could, in short, keep the market for flour ground from Canadian wheat, to himself.

Different in Practice

This was all right in theory; in practice it has not worked out along these lines. Flour is being ground in Canada, from Canadian wheat, for American account and shipment under certain old American trade names are going forward as usual. Milling-in-bond has been stopped but competition on a quality basis from the American miller continues.

The situation has led to formation of two schools of thought. One is that the Canadian mills should not accept American orders, the other is that their acceptance gives work for the mill, employs Canadians and utilizes Canadian products.

Those who oppose acceptance of American orders base their objections on the following lines. They say that the very advantage which Canada has gained through elimination of milling-in-bond in Buffalo is nullified. They claim that free entry of Canadian flour into the British market constitutes an excellent opportunity for the Canadian miller to consolidate the position of his brands in that field, since those American brands made from Canadian wheat and of high quality, are now excluded by the 10 per cent duty. By grinding for American account they feel that the Canadian miller is strengthening the hand of his competitor in the British market.

Provides Work for Canadians

Be that as it may, Canadian wheat is now being ground for American order in Canada. It is argued that in these difficult times it would be senseless to turn down an opportunity for employing more workers, increasing production and cutting down the cost of mill overhead. Actually the volume ground in this way is not large and even if the American brands made in this way were excluded from the British market there is no criterion that the Canadian mills would get the business. So the controversy goes on.

Branch Plan Possibility

There is one more important point. If an American mill should decide to establish a branch plant in Canada for the purpose of milling for export observers see but an added load to the burden of overcapacity which the Canadian industry is presently bearing. Already Canadian flour mills are operating at less than half capacity; idle mills and narrow profit margins are threatening structures of the larger entities.

The four largest companies in Canada could produce the total Canadian production of 1930 with the greatest ease if they operated at capacity. It may be then that Canadian millers will accept what American business there is offering rather than take the chance of an increase in the present capacity of the industry as a whole.

U.S.A. To Fight U.K. Wheat Diversion

United States transportation interests, it is understood, do not intend to submit without a struggle to the complete loss of business in transporting to the sea-board Canadian grain intended for the British market, which might result from the application of the British wheat duty to Canadian grain moving through the United States.

Application has been filed with the Interstate Commerce Commission for approval of reduction on through freight rates from Eastern Canadian lake ports to United States ports. Approval of the reduction is not to be taken for granted, as the Commission has been accustomed to view with as much suspicion attempts to reduce freight rates as to increase them, and the evident object of giving Canadian grain better treatment than United States grain may be a ground of hostility to the present application.

Orient Lumber Needs Should Help B. C. Trade

British Columbia's lumber industry continues quiet with little change visible although Major L. R. Andrews, special lumber representative of the B. C. Lumber and Shingle Manufacturers' Association, sounded an optimistic note on his return recently from a three months' visit in the Orient. He is of the opinion that despite depreciated currencies there is a market in China for Canadian lumber which may well be developed during the present year, Vancouver advices state.

There has been some buying of square timbers and fir logs by Japan as well as small orders from China and, with conditions in Australia becoming more hopeful, there are predictions of a mild revival in the industry.

7.4% MORE GRAIN HANDLED IN FALL BY LAKE SHIPPERS

Big Crop Did Not Bring Proportionate Rise in Shipments

Fall shipments of grain through the Lake Shippers' Clearance Association were 7.4 per cent higher in 1932 than in 1931. The total of such shipments in the autumn of 1932 amounted to 123,812,561 bus., compared with 92,990,672 bus. in 1933, an increase of 14,917,291 bus.

The shipments in the fall of 1932, however, do not compare well with those for all years since 1920. Only in 1920, 1929 and 1931 have shipments through the L. S. C. A. been lower than those for 1932 during the period between Aug. 1 and the close of navigation. This is indicated in the following tabulation of fall shipments of wheat and of all grains:

Total Fall* Shipments of Wheat and Grains Through L. S. C. A.

	Wheat bus.	All grains bus.
1932	107,907,363	123,812,561
1931	92,990,672	115,280,652
1930	117,218,656	145,348,560
1929	82,750,247	96,690,520
1928	222,120,867	275,289,435
1927	164,127,672	193,215,047
1926	156,698,916	193,754,477
1925	177,675,025	226,020,969
1924	109,865,435	153,111,258
1923	189,151,179	231,754,512
1922	179,352,773	209,191,319
1921	128,413,406	161,611,411
1920	93,779,898	108,439,978

*From Aug. 1 to close of navigation each year.

Shipments of wheat as shown in this table were 16 per cent, or 14,917,291 bus. higher in the fall of 1932 than in the fall of 1931. This, taken in conjunction with the 7.4 per cent, may be indicative of the greater relative increase in 1932 wheat crops in western Canada than in other grains. But it hardly accounts for the greatly increased total grain crops in 1932, compared with the previous year. It would be natural to expect a greater increase in wheat and grain shipments than is shown.

One possible reason for a smaller increase in grain shipments than might be expected is the development of Vancouver's grain handling business in recent years. In the 1925-26 and 1926-27 crop years, Vancouver handles only 15.2 and 11.2 per cent, respectively, of total Canadian grain exports. In the 1931-32 crop year, Vancouver handled 37.9 per cent of the total Canadian grain exports, and in the 1932-33 crop year to Jan. 13, the western port had handled 39.8 per cent of the wheat exports. As the lake route and eastern Canadian river ports will be closed until some time in April, this proportion may be even higher by the end of the crop year.

One of the striking changes in shipments of grain through the Lake Shippers' Clearance Association during recent navigation seasons is the change in routing. This may be at least partly due to the recent British treatment of Canadian grain shipped through United States ports; the refusal to allow the Imperial preferential duty. This would not affect any but the 1932 year, of course.

The following table clearly indicates the nature of the changes in lake shipping routes in the whole 1932 navigation season as compared with the 1931 and 1930 seasons. The trend is decidedly toward shipments to Canadian ports.

Routing of all Grain Shipments Through the L. S. C. A. as Percentages of Yearly Totals

(Percentages of total shipments through L. S. C. A.)

	1932	1931	1930
Can. boats to Can. ports	76.1	62.4	53.3
Can. boats to U. S. ports	.5	2.2	2.7
U. S. boats to U. S. ports	23.4	35.4	44.0
	100.0	100.0	100.0

Amendments to Grain Act Dropped By Government

From Our Own Correspondent

OTTAWA. — Proposed amendments to the Canada Grain Act have been dropped, tentatively at least, by the government and the balance of the parliamentary session is not likely to bring any disturbance of prevailing conditions in the trade.

As framed by the government, there were two phases to the proposed amendments. The government proposed to amend the Grain Act to make separate grading and binning of garnet wheat compulsory. It was proposed, also, to take the necessary steps to reduce charges for elevating, cleaning and handling grain in the various elevators. The reduction was to be comparable with the recent reduction in storage charges.

Present Time Unfavorable

The present decision not to proceed with these amendments is not based upon any change of heart at Ottawa, but rather upon a brief that the present time is not favorable to further disturbance of the grain-handling machinery. The case of the elevator companies—which is, that they are not able to stand business disturbance, cuts in their revenues—has been accepted.

A reduction of the handling charges, of course, would curtail the revenues of all elevator companies. Special grading and binning of garnet would put all elevator companies to additional expense.

Wheat Board Scare

There have been other important developments in regard to the grain trade. Last week there was a brief "wheat board" scare based upon strong rumors that the Bennett government was inclined to blame the Winnipeg Grain Exchange for the recent drop in wheat prices, and to lend ear to the petition of the pools for a national wheat board.

The rumor, so far as a wheat board is concerned, is not true. The government is not contemplating legislation of this kind and there does not appear to be the remotest possibility of the government doing so.

A more likely development is the setting up of a commission to take over the responsibilities presently being shouldered by John I. McFarland, along lines outlined in The Financial Post a few weeks ago. A commission for this purpose would be headed by Mr. McFarland and the chief advantage would be that instead of being called upon to take the entire responsibility of the government's wheat stabilization activities, he would have others to share it with him.

Lack of Export Demand Troubles B. C. Fruit Trade

Conditions in the British Columbia fruit industry are far from good, according to reports from Vancouver. There is in storage at the present time an excess of 681 cars of fruit over the same period last year with weak buying power throughout Canada and Great Britain.

Marketing conditions are difficult owing to the fact that the domestic markets are only looking for cheap fruit and export markets, which earlier in the season were strong, are now over-stocked with United States fruit which was landed before the Imperial Preference came into force.

Winnipeg Grain Prices

Week to January 24

Crop year from Aug. 1, 1932 High	Low		Open Jan. 18	High for week	Low for week	Close Jan. 24
		Wheat				
.67⅝	.40½	May	.45⅝	.47½	.45⅛	.46½
.54⅞	.41¾	July	.46⅛	.48⅜	.46	.47⅛
.50¾	.46⅞	October	.47½	.49½	.47¼	.48¼
		Oats				
.29½	.21⅛	May	.23½	.24⅝	.23½	.24⅜
.26	.21½	July	.....	.24⅛	.23⅜	.23⅝
.23½	.21⅛	October	.22¼	.22⅞	.22⅛	.22⅜
		Barley				
.38½	.26⅛	May	.29⅛	.30⅝	.29⅛	.30¼
.35¾	.26	July	.....	.30	.29⅝	.29⅝
.29½	.28	October	.....	.29¼	.28¾	.28⅞
		Flax				
.94	.71¼	May	.78	.80⅞	.78⅛	.79½
.84½	.71⅝	July	.78¼	.80⅝	.77⅝	.79⅝
.84	.76	October	.78	.80⅝	.78	.79⅝
		Rye				
.42⅞	.30¼	May	.32½	.33⅝	.31⅞	.32⅞
.37	.31	July	.32½	.33⅝	.32⅛	.33⅝

Cheap Tramp Tonnage Aids Maritime Ports

British Preference Ruling Not Biggest Factor in Diverting Grain Traffic — May Be of Great Value in Future

Canada dominates the world's wheat trade at the moment and at the same time Canadian ports are handling almost all of the Canadian grain that is going out of the country.

Recent decision of the British government in regard to a test shipment of grain from Canada to Great Britain via Buffalo is believed by many people to be responsible for the diversion of Canadian grain through Canadian ports. Actually the influence of that test decision has not yet been very great. Over the term of years the British preference on Canadian grain and the insistence upon that grain being transported in such a manner that it will be undeniably identifiable as Canadian grain on its arrival are bound to have a favorable effect upon Canada in a number of ways. One of these is in ending the practice, so irritating to many good Canadian citizens, of milling Canadian wheat in bond in Buffalo to be shipped to the United Kingdom in competition with flour from Canada. Also it will have an important influence upon diverting Canadian grain through Canadian ports, chiefly Halifax and Saint John, since these are the two Canadian ports that in the past have not attracted a large flow of grain simply on grounds of comparative economy of shipment.

Cheap Ocean Tonnage

But at the moment the Imperial preference on grain and the ruling in the Laconia case are of less importance to Saint John and Halifax in stimulating the grain flow than the fact that grain can be shipped out of these ports more cheaply than out of American ports. On the Pacific Coast, Vancouver continues to ship a large quantity of Canadian grain because it has established itself as an economical route and because a large tonnage of cheap tramp steamer space is constantly available in the harbor. Nothing that is likely to happen in the next few years will interfere with Vancouver's growth as a grain shipping port. Grain men are not quite as certain about Halifax and Saint John. There is already a difference of opinion as to the economy of shipping grain via those two Maritime Province ports although the only grain man to declare himself publicly on the question is James A. Richardson who says that he can offer grain cheaper out of Saint John than out of American Atlantic ports. Other grain men are sceptical of this opinion; some challenge it directly and many of those who admit it to be a true summary of the present position say that the situation that makes it possible will not last for long.

Costs Are Complex

To the layman it would be very revealing if he could get a comparative summary of the different freight and handling charges that make up the cost of shipping a bushel of grain from Fort William to, say, Liverpool via Buffalo and one of the United States ports, and from Fort William to Liverpool via the Georgian Bay and Saint John or Halifax. But it is not as simple to supply the figures as it is to ask for them because different items of cost change from time to time and all do not change together. Thus figures presented of today's costs do not necessarily represent what were the costs a year ago or what they will be a year from now. And in connection with some of the chief items, principally ocean tonnage, good business judgment and bargaining play a large part.

With these limitations to any available figures being clearly understood, some interesting figures may be presented.

During the past summer it cost between 1¼ and 1½ cents a bushel to carry grain by lake steamer from the head of the lakes to Buffalo. This was a highly competitive rate that did nothing more than cover the actual cost of operating the boats over this journey of 70 to 80 hours. From the head of the lakes to the Canadian Georgian Bay ports, a journey of only about 40 hours, the fixed rate throughout the season was 2¼ cents a bushel. The reason why the shorter journey cost more money was simply that the steamship operators and the grain shippers got together and decided that it was not in the ultimate interests of either of them to have boats operating at cut-throat, unprofitable rates and they agreed upon a rate.

Thus during the summer Buffalo had an advantage over Canadian bay ports. Nevertheless a large amount of grain was carried to the bay ports and much of this was moved forward by rail to Montreal and the Maritimes. During the season of navigation the rail rate from the Bay to Halifax and Saint John was six cents a bushel. This rate was a competitive rate, fixed partially by the fact that grain could be carried from the Head of the Lakes to Montreal via the all water route for seven cents a bushel but chiefly by the fact that the Erie Canal was open and provided a six cent rate from Buffalo to seaboard. United States railways also offered a six cent rate to meet the water competition.

Winter Rate in Force

Now that the Erie Canal is not available for navigation and the water route to Montreal is closed non-competitive rail rates have come into effect. From Buffalo to the United States seaboard the rail rate is 9.1 cents a bushel; from Bay ports to Maritime ports 9.1 cents a bushel.

At the moment the Maritime ports gain a distinct advantage from the fact that the freight charges overland in Canada are payable in Canadian money, while the charges overland in the United States are payable in American money.

It will thus be seen that the Maritime ports have a slight edge on Buffalo at the present time in the matter of railway rates. But the determining factor in the present increase in activity out of the Maritime ports is the fact that tramp space is now available at rates that meet the liner rates out of New York and other American ports. In normal times tramps have not come to Saint John offering low cargo rates. To make sure of getting their grain across the ocean at a reasonable figure, grain shippers have used United States Atlantic ports by preference, especially in the winter when Montreal was closed. Out of New York the large ocean liners have been glad to take grain as ballast at rates much below tramp rates out of Saint John—three cents a bushel prevailing recently. But now ocean space can be had out of Saint John as cheaply as on liners out of New York. One shipper reports booking space to Liverpool at 3⅜ cents a bushel.

Continent via Buffalo

Another factor is that fewer liners are in service but at the same time many more tramp vessels are hungry for grain cargoes.

To continental ports, the Buffalo route will probably continue to be important as parcels of grain for European ports are not always large enough to warrant the use of an entire steamer but make good ballast for liners running direct to those ports.

FINAL ESTIMATES REDUCE CROP YIELD

Wheat Crop Estimate Down 2,700,000 Bushels from Preliminary

Most recent estimates of crop production in Canada show a slightly downward revision compared with previous estimates. The final estimate of the Dominion Bureau of Statistics, dated January 20, estimates the wheat crop at 428,514,000 bushels, compared with the November estimate of 431,200,000 bushels and the revised figure of 321,325,000 bushels for the 1931 crop. Most of the reduction from the 1932 provisional estimate was recorded in Manitoba.

Production of other grain crops is also slightly lower than shown by the provisional estimates. Oats, barley, mixed grains, flaxseed and corn for husking show minor reductions. The downward revision in rye is the largest relative to the size of the crop. Peas and beans are revised upward by small amounts.

With regard to this final estimate the Dominion Bureau of Statistics states as follows: "In accordance with previous practice the estimates of wheat, rye and flaxseed may be subjected to further revision when full marketing statistics for the western provinces are available at the end of the crop year. The average prices used in crop valuation are based on monthly and special compilations up to the end of December, 1932, so these may also require revision due to price changes during the last seven months of the crop season."

The final estimate of volume and value is shown below campared with the preliminary estimates of November 10 and 15 for volume.

	Prelim. Estimate	—Final Estimate—	
	thous. bus.	thous. bus.	$
Wheat	431,200	428,514	129,105,000
Oats	394,876	391,561	71,538,000
Barley	82,981	80,773	15,794,000
Rye	9,937	8,938	1,564,000
Peas	1,506	1,519	1,288,300
Beans	1,059	1,141	628,600
Buckwheat	8,281	8,424	3,540,000
Mixed grains	39,431	39,036	13,068,000
Flaxseed	2,534	2,446	1,282,000
Corn, husking	5,231	5,057	2,276,000
	thous. tons	thous. tons	
Potatoes	39,249	39,416	24,406,000
Turnips, etc.	35,847	37,766	10,160,000
	thous. tons	thous tons	
Hay & clover	13,682	13,559	96,278,000
Alfalfa	1,757	1,764	15,085,000
Fodder corn	2,826	2,858	7,869,000
Grain hay	....	3,342	20,312,000
Sugar beets	450	450	2,393,000

Wheat Exports during the week ended Jan. 13 amounted to 5,465,411 bu., almost double the total for the previous week and compared with 2,665,098 in the same week of the previous year. Vancouver handled the bulk of the trade with over 4,000,000 bu.

Gasoline Sales in Canada during September, 1932, totalled 63,607,327 gallons, a 3.4 per cent increase over August sales and 3.6 per cent over September, 1931, sales of 61,382,000 gallons.

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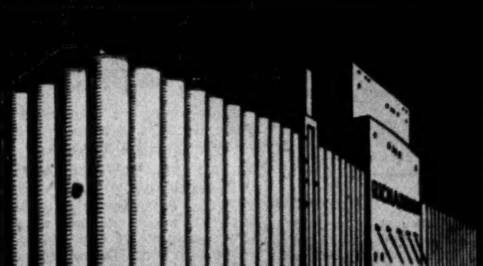
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PREMIUM IMPOST IS GIVEN HOIST FOR 3 MONTHS

Tariff Companies Notified Surcharge Effective May 1

From Our Own Correspondent

MONTREAL.—Originally planned to become effective March 1, 1933, the 2 per cent surcharge on insurance premiums, proposed by the Canadian Fire Underwriters' Association has been given a hoist until May 1, 1933. The association has notified all members and agents of the change; the notification also states that in future the much debated 2 per cent will be known as "surcharge for taxes" instead of the plain word "surcharge" by which it was originally known.

Agents, who have opposed the surcharge unanimously, apparently are not varying their opinions with the change in the phrasing of the 2 per cent impost on premiums. They have expressed their opposition in no uncertain terms though among companies there is still a difference of opinion.

Much Opposition Expressed

Indications are that further meetings will be held before the surcharge for taxes becomes effective. As the matter stands at present there seems to be too much opposition to the plan to allow it to be enforced; possibly some other scheme will be found to replace it. Many feel that the proposal will peter out unless it is modified in some form or other.

Sponsors take the attitude that the 2 per cent impost on premiums (exclusive of life) is necessary if companies are to recoup some of the burdens placed on them by taxes. They claim that taxation amounts to between 4.5 and 4.8 per cent of premiums for the average company; this includes a recently imposed 1 per cent federal tax. It is argued that the alternative of raising insurance premiums would be a difficult and long drawn process which would take two years possibly to make its effects felt.

Applies to Tariff Companies

Naturally effective enforcement is only possible among tariff companies which are members of either the Canadian Fire Underwriters' Association; the Canadian Casualty Underwriters' Association or the Canadian Automobile Underwriters' Association. These member companies would fall in line with the dictates of their communal organizations. But the non-tariff companies, though they have expressed willingness to impose the surcharge, would have the opportunity of absorbing the extra surcharge in their total premium charge. Thus they could use the impost as a lever to increase sales, if they so desired, since their premium rates, in sum, would remain unchanged.

Insurance Problems

Insurance questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other enquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Dom. of Canada General

Please advise me regarding the standing of the Dominion of Canada General Insurance Co. of Toronto.

Would a woman of 58 be well advised to take an annuity with this company? She has no further income except from $5,000, which she wishes to invest and she is desirous of securing an income by an annuity so that she can reside in England.

Dominion of Canada General Insurance Co. is an old-established Canadian concern licensed under the federal insurance department and is a sound well-managed institution.

An annuity such as you suggest would, it seems to us, be a satisfactory investment for one who wishes to secure an income of this type and reside in England.

Canadian companies on the whole have been able to earn a slightly higher rate of interest than similar concerns in Great Britain and as a result a very large volume of annuity business is being written by Canadian companies here and also in England.

Dominion Gresham Seeks Avoidance of Litigation

Through a recent motion in the Court of Appeal at Montreal, the Crown Trust Co., liquidators, and the Dominion Gresham Guarantee and Casualty Co., in liquidation, seek to step from the Superior Court to the Supreme Court of Canada without going to the Court of Appeal.

This was indicated before the Court of Appeal when attorneys for the liquidators asked permission to carry their case to the highest court in Canada on the grounds that such a move would save unnecessary litigation.

The liquidators appealed a lower court judgment in their own favor, in which they were awarded damages against a former agent of the company who was ordered to repay unearned commission he had received before the company went into liquidation.

It was charged that some $70,000 was outstanding among 1,000 agents from coast to coast and that unless a final ruling of the Supreme Court were received each case would have to be taken separately. By taking the present case before the Court of Appeal in this province and obtaining a favorable decision, it was charged, the case could not be taken to the Supreme Court of Canada. The motion was taken under advisement.

Calgary Completes New Waterworks

After nearly two and a half years of construction activities Calgary's new $4,000,000 waterworks system has been brought to completion, affording the city a plentiful supply of filtered water from a supply system rated as the most modern and complete of any project in operation between Toronto and Vancouver. In deciding on a new system, Calgary switched the source of supply from the Bow River to the Elbow River.

Ordinary Life Insurance*

	1927	1928	1929	1930	1931	1932
January	$36,986,000	$47,569,060	$49,739,000	$45,074,000	$41,188,000	$37,331,000
February	35,525,000	39,962,000	47,140,000	43,925,000	40,180,000	38,145,000
March	42,883,000	44,823,000	48,066,000	49,047,000	46,945,000	37,467,000
April	41,631,000	46,718,000	51,842,000	51,649,000	45,648,000	33,629,000
May	44,553,000	49,581,000	50,547,000	48,871,000	41,314,000	30,998,000
June	45,298,000	51,884,000	53,402,000	54,168,000	46,227,000	40,963,000
July	39,962,000	49,492,000	54,809,000	46,505,000	39,377,000	34,469,000
August	38,360,000	42,503,000	41,329,000	36,249,000	35,738,000	28,370,000
Sept.	35,000,000	38,372,000	43,013,000	38,994,000	30,066,000	25,207,000
October	48,104,000	55,743,000	50,894,000	44,527,000	36,006,000	29,858,000
Nov.	44,935,000	54,865,000	55,624,000	46,186,000	38,860,000	34,003,000
Dec.	48,399,000	56,647,000	54,189,000	49,026,000	47,163,000	33,483,000

Total, twelve months, 1932 .... $403,923,000
Total, twelve months, 1931 .... $489,312,000

Decrease, twelve months, 17.4% .... $ 85,389,000
Decrease, December, 1932, from December, 1931, 29% .... $ 13,680,000

*Companies having in force 84 per cent of total outstanding business in Canada as at Jan. 1, 1932. New paid for, ordinary business only. Figures include both Canada and Newfoundland and are prepared by Life Insurance Sales Research Bureau, Hartford, Connecticut.

Ordinary Life Sales Down 17.4 Per Cent in 1932

Sales of ordinary life insurance in Canada and Newfoundland in 1932 totalled $403,923,000, a decline of 17.4 per cent from the corresponding figure of 1931, according to figures published by the Life Insurance Sales Research Bureau of Hartford. The figures cover the operations of 15 companies which at the beginning of 1932 had in force 84 per cent of total outstanding business in Canada. In the United States sales of new ordinary life were down 19.9 per cent in 1932.

Approximately 75 per cent of the business was done in Ontario and Quebec the figures reveal and a lower volume of business was paid for in all provinces as compared with the previous year. Comparing the figures month by month during the year, declines were shown consistently throughout the year. The best relative showing was in November when volume was only 12 per cent below the same month in 1931. December figures made a very poor showing with a slump of 29 per cent.

Newfoundland Gains

The only area to show a gain in December was Newfoundland which accounted for $234,000 of business as compared with $212,000 in the same month a year previous.

Comparative figures for December sales by areas and for the yearly totals follow:

	December Sales 1932	December Sales 1931	Complete Year Sales 1932	Complete Year Sales 1931
	$	$	$	$
Alberta	1,613,000	2,548,000	18,325,000	23,561,000
British Columbia	2,041,000	3,169,000	24,435,000	31,696,000
Manitoba	2,085,000	2,725,000	23,521,000	29,724,000
New Brunswick	848 000	1,218,000	9,885,000	11,725,000
Nova Scotia	1,097,000	2,020,000	13,855,000	17,466,000
Ontario	14,290,000	18,999,000	172,608,000	205,168,000
Prince Edward Island	97,000	125,000	1,168,000	1,823,000
Quebec	9,793,000	14,044,000	121,382,000	142,412,000
Saskatchewan	1,385,000	2,103,000	16,482,000	22,170,000
Canada	33,249,000	46,951,000	401,111,000	485,755,000
Newfoundland	234,000	212,000	2,812,000	3,557,000

Canada Life Introduces New Dividend Plan

Leading Canadian Company Pioneers in New Plan to Solve Problems of Present Day Business

A far-reaching change in its method of policyholder dividend distribution has been announced by Canada Life Assurance Co.

Briefly the new plan which becomes effective immediately, crystallizes for the first time the growing feeling among life insurance executives that determined steps must be taken to conserve the liquid position of companies against abnormal demands from policyholders such as have occurred in recent years, and to prevent such demands having a prejudicial effect on the interests of policyholders who continue their contracts with the company.

Three Types of Dividend

Thus instead of continuing its customary practice of making regular annual and quinquennial distribution of surplus to its policyholders, to the full extent justified by the year's results, these regular payments will be reduced considerably but will be supplemented in two ways, first by a maturity dividend payable to all participating policyholders whose contracts mature either by death or maturity during the continuance of the new method; secondly by what is termed a "persistency dividend" which will be paid to all participating policyholders who have maintained their policies in force 25 years or longer and who complete a dividend period during the first 6 months of 1933.

The maturity dividend will be double the new regular rate, for all annual policies, while the persistency dividend as presently planned by the company will in each case be approximately one-half the maturity dividend.

Actual Example Given

Just how this new plan will actually work out is indicated by the comparative results on an ordinary life participating contract. At age 35 the first year dividend on this type of contract was $3.45 in 1932. Under the new plan the regular dividend (first year annual payment) will now be $2.18 to which will be added a maturity dividend of $4.36 or double the amount of the regular dividend. Thus in the event of death during 1933 the policyholder would receive $7.81 in dividends in place of the old figure of $3.45 on the 1932 scale. Policyholders whose contracts have been in force 25 years or more will also benefit by the additional receipt of a "persistency" dividend amounting to one-half the maturity dividend.

On an ordinary life participating policy taken out at age 35 and five years in force, the new scale allows a cash dividend payment of $22.93 with a maturity dividend of $6.88. On this particular policy the paid-up addition at the end of the five years becomes $65.85 with a maturity addition of $19.76.

Advantages of Plan

Advantages of the plan according to the company are five in number and are outlined as follows:

1. Conserves cash resources and liquid position of the company for the primary purpose of safeguarding the interest of policyholders and beneficiaries, during present abnormal times.

2. Imposes no handicap on present policyholders whose policies mature either through death or endowment during the reconstruction period.

3. Continuing policyholders stand to gain considerably under the new system while those who withdraw their support of the company through surrender or lapsation of policies, will receive less.

4. Will induce conservation of business in force for the benefit of all policyholders of the company.

5. Will discourage switching or twisting of policies, both of which practices are to the disadvantage of our policyholders.

Reasons the plan has been instituted according to the company are the continued pressure from four sources which has pressed heavily on life companies on this continent in recent years and which may continue for some time. These four factors are briefly; depreciated security values, lower interest earnings, lower profits from mortality and heavier taxation. Formerly life companies had no reason to think of themselves as having in any way the attributes of a bank since insurance protection was sold as something set aside over a long period against the future contingencies of death or old age. Loans in the early years had little place in the policy contract and when they did they were small. Investment policy followed this line of development and took little or no thought of the need of liquidity. This it is pointed out was correct because payments for loans and surrenders were very small compared with annual income. Long-period loans, long-date securities of all kinds were suitable investments because claims were long dated.

Competition and the depression have changed this picture considerably and have brought on a rapid development of the loan and surrender features of a life insurance policy. In the past few years there has been a very heavy demand for surrenders and loans (particularly for the former) which has in many cases caused considerable injustice to the continuing policyholder.

"Life companies on this continent have, through competition," an official of the company pointed out, "been paying out of surplus funds practically the limit that had been earned by any policy and the man who surrendered, the man who left the group, took away with him all his supporting strength of the structure and left behind all the dangers to the continuing policyholder and, in addition, the necessity for the continuing policyholder to pay a heavy cost for replacement of the surrendered policy, unless the company was to go backward. It was wholly unjust.

"The difficulty all companies face today is, how to get back from this situation. How can they place the proper penalties on the surrendering man and give the proper rights to the continuing man? Some means must be adopted if they are to be honest with the continuing policyholder.

"All these thoughts led Canada Life to the idea of trying to evolve something to conserve surplus funds and cash resources without being unfair to those policyholders who happen to disappear through death or endowment maturity during the period that requires strengthening."

MANUFACTURERS BUSINESS IN FORCE NOW $526,253,000

New Business Issued Totals $62,446,000 in 1932—Assets Gain

Total insurance in force of $526,253,000 of which 49 per cent is in Canada, 40 per cent outside Canada and 11 per cent in reinsurance from other companies is reported by Manufacturers Life Insurance Co. in its 46th annual report. This is a decline of 3 per cent from 1931 figures. New business issued was $62,445,855 a decline of 18 per cent from 1931 total. This decline was in large measure due to a decline in reinsurance business, according to J. H. Lithgow, general manager of the company, new business in Canada being 10 per cent less than that of 1931.

Popularity of lower premium plans of insurance has been in part responsible for a decline in premium income which amounted to $21,020,400 as compared with $22,055,675 the previous year. Monies received from interest and rents were higher than in any previous year. Of disbursements, death claims accounted for $4,900,000 the ratio of actual to expected mortality being 55 per cent in 1931 as compared with 61 per cent in 1931. Payments to living policyholders soared to a new high figure at $10,500,000 due to the heavy demand for cash surrender values. Considerable economies in operating expenses have been instituted it was announced, total expenses for the year being lower by $550,000 than in 1931.

Policy Loans Checked

Commenting on the increase in policy loans which stand at $23,600,000 as against $22,300,000 at the end of the previous year Mr. Lithgow noted that the increase for the year was less than half that which occurred in 1931 and that there has been during the last six months a definite tendency toward reduction in the amount of new loans applied for.

Growth in assets during the year was $2,250,000 with ledger assets of $111,215,000 of which bond investment is shown as in excess of $47,000,000. Of this latter figure, 65 per cent is in government, government guaranteed and municipal bonds. Assets are valued within the requirements of the federal government. Securities according to Mr. Lithgow have been written down materially and the figures shown in the balance sheet are $500,000 less than the values authorized by the federal insurance department. Mortgages total $32,960,500 of which $24,000,000 or 20 per cent of total assets consist of loans on city properties.

"The amount of outstanding interest on city mortgages," said Mr. Lithgow, "as at December 31 was only $167,000, or in other words, two-thirds of one per cent of the principal sum, which is an indication of their satisfactory condition. Our investment in farm mortgages is slightly less than $9,000,000, or seven and three-fifths per cent of our total assets. During 1932 careful examination and appraisal was made of each farm property and the reports filed give assurance that even a slight improvement in the agricultural industry will permit borrowers to take care of their mortgage obligations satisfactorily."

Special reserves and surplus amount to $9,132,000 composed of the contingency reserve, reserve for dividends to policyholders and surplus. The contingency reserve has been increased from half a million dollars as at the end of 1931 to $750,000 at the end of last year. Reserve for dividends to policyholders now stands at $5,500,000, leaving free surplus of $2,849,574, a figure $70,000 higher than at the end of last year.

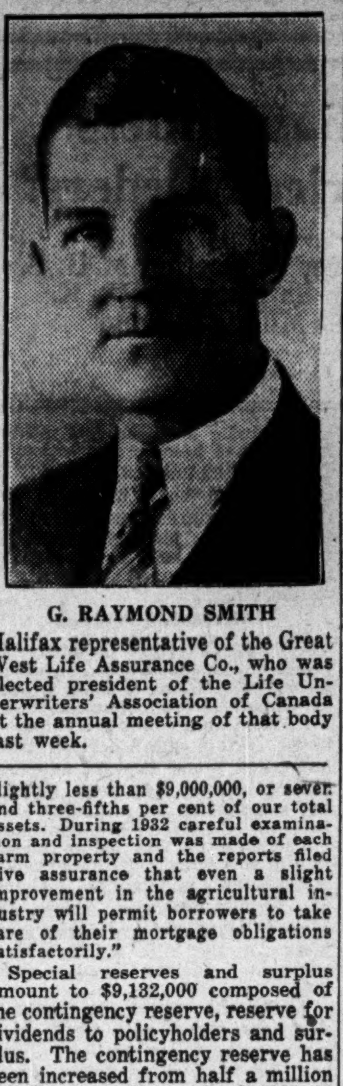
Comparative figures for leading items follow:

	1932	1931
New Business	$	$
New ins. issued	62,445,855	76,597,820
Bus. in force	526,253,121	542,449,546
Income & Disbursements		
Net prem. inc.	21,020,388	22,055,675
Interest & div.	5,976,857	5,829,814
Pay. to policyh'drs.	18,288,741	14,348,063
Assets and Liabilities		
Bonds	47,028,024	45,439,608
Stocks	2,317,[illegible]52	2,500,547
Mortgages	32,960,503	34,406,321
Policy loans	23,688,281	22,338,736
Ledger assets	111,214,749	108,266,469
Total assets	117,786,626	115,527,218
Policy reserves	101,281,842	99,284,579
Contingency res.	750,000	500,000
Free surplus	2,849,575	2,778,929

Vancouver Port Handlings in 1932

A total of 6,499,397 tons of imports and exports was handled at the port of Vancouver in 1932. Imports were 2,647,147 tons and exports 3,852,250 tons. Exports of grain were 104,500,000 bushels during the year.

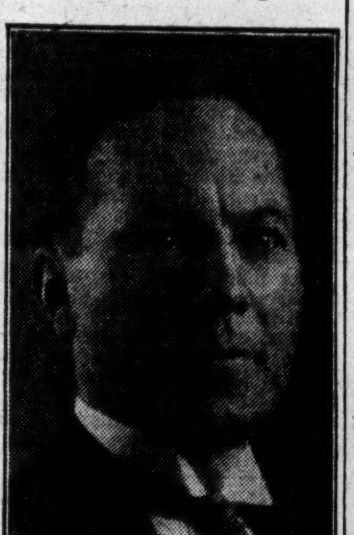
Heads Underwriters



G. RAYMOND SMITH

Halifax representative of the Great West Life Assurance Co., who was elected president of the Life Underwriters' Association of Canada at the annual meeting of that body last week.

Yorkshire Manager



FRANK E. DUFTY

Who has been appointed manager for Canada of The Yorkshire Insurance Co. and the "London and Provincial" in succession to P. L. Monkman.

ASSETS HIGHER IN 85TH REPORT OF CANADA LIFE

Business Paid for Totalled $80,000,000—Annuities Increase

An increase in assets and surplus but a substantial decline in new business and business in force featured the annual report of the Canada Life Assurance Co.

Total assets now stand at $216,886,000 as compared with $204,776,000 a year ago while contingency reserves have been increased by $1,400,000. New business paid for totalled $80,535,000, a decline of 30 per cent from the previous year while business in force at the end of 1932 amounted to $926,390,000 or 10 per cent less than the corresponding figure of 1931. Consideration received for annuities reached a new high figure of $7,780,000 against $5,653,000 in 1931 and but $2,460,000 in 1930.

Big Policyholder Payment

Payments to policyholders and beneficiaries were also at a new record level the figure being $29,253,000 as compared with $25,584,000 the previous year. Of this amount over $9,500,000 was paid to policyholders by way of surrender values. This figure exceeded by $200,000 the amount paid out by way of death and indemnity claims.

As in 1931 the company's assets have been taken in at book values which, according to A. N. Mitchell were approximately $5,000,000 less than would have been the case if values officially established by the Dominion insurance department had been used. During the year $846,061 was written off for depreciation, and reserve for special contingencies was increased from $652,000 to $2,000,000. Unassigned surplus was increased slightly to $3,554,200. Earnings in 1932 were approximately $7,000,000.

Explanation of the 10 per cent drop in business in force was attributed by Mr. Mitchell to the loss of a single large group case and to a lower volume of reassurance business. The big group case it is understood is the $60,000,000 contract which the company had with Middle West Utilities and which was dropped when the Insull smash came. This was one of the largest single group contracts on the continent.

Reference was made to the excellent showing of the company's British division. New business in that territory totalled £3,460,000 for life contracts and £1,175,000 for annuity business, according to Mr. Mitchell. These two combined represent an increase of £575,000 over 1931 figures.

Comparative figures for leading items follow:

	1932	1931
New bus. issued*	$ 88,550,578	$123,947,010
New bus. paid for†	80,535,802	116,048,075
Annuities sold	7,780,299	5,653,824
Bus. in force (Dec. 31)	926,389,982	1,029,753,785
Income and Disbursements		
Net prem. income	37,075,177	38,370,111
Interest & rents	10,092,307	9,619,304
Total income	50,130,444	50,939,335
Payments to policyholders & benefic.	29,252,912	25,584,207
Assets and Liabilities		
Net ledger assets‡	206,975,814	194,936,467
Total assets	216,886,246	204,776,019
Govt. & mun. bonds	56,369,178	41,374,059
Other bonds	33,007,829	36,036,194
Mortgages	57,854,878	59,464,113
Stocks	8,399,435	11,050,923
Policy loans	37,856,151	36,090,242
Contingency res.	2,000,000	652,268
Free surplus	3,554,205	3,496,426

*Including reinstatements. †Including revivals and increased policies but excluding dividend additions. ‡At book value.

May Compel Churches to Install Sprinklers

From Our Own Correspondent

MONTREAL.—Compulsory installation of sprinkler systems in Montreal churches may follow a $450,000 blaze which occurred in the city recently. During the course of an investigation into the cause of the fire, Fire Commissioner Massicotte stated his intention of insisting to the proper authorities that all churches in the city should be equipped with sprinkler systems.

At the present time, 9 out of the 245 churches in Montreal are equipped with sprinkler systems. One of the most recent installations was in the well-known Notre Dame Cathedral. The roof, bell towers, all balconies and special chapels have been covered with a net work of sprinklers.

Fire losses in Montreal during the current year have totalled nearly $700,000 and are greater than they have been for six years.

New Appointment

J. A. COLLINS

Whose appointment as branch manager at Ottawa for the North American Life Assurance Co. has recently been announced. Mr. Collins was formerly connected with the company in Western Canada.

NEW BUSINESS OF NATIONAL LIFE OVER $8,500,000

Paid-for Figures Reach 70 Per Cent of That Figure

New business issued by the National Life Assurance Co. in 1932 totalled $8,539,135 a decline of 12 per cent from the corresponding figures of 1932 as published in the company's 34th annual report. Of total the company reported that 70 per cent was fully paid for.

Total business in force at the end of the year was $59,094,000 a decrease of $1,500,000 from 1931.

Assets Higher

Total assets are shown at $11,433,391 which represents book or cost value. Against this the company has provided an investment reserve of $400,000 this having been increased from $200,000 a year ago. The auditors' report is signed subject to the adequacy of this reserve. In addition to investment reserve the company has a contingency reserve of $24,300 and a free surplus (including shareholders' surplus) of $315,000. Over half the company's ledger assets are invested in municipal bonds.

In his comments at the annual meeting A. H. Beaton, president of the company threw out a warning against the possibility that there has been an "overproduction of life insurance underwriting." This suggestion he felt was plausible by reason of the fact that surrender of life insurance during the period has been greater than at any time in the history of life insurance.

Comparative figures for leading items follow:

	1932	1931
New Business		
New ins. issued	8,539,135	9,731,655
Ins. in force	59,095,035	60,590,611
Income and Disbursements		
Net prem. inc.	1,591,208	1,722,223
Int., rents, etc.	586,929	582,610
Payment to policyholders	1,403,784	1,141,510
Assets and Liabilities		
Bonds *	7,891,687	7,859,130
Stocks *	307,323	307,323
Policy loans	2,192,387	2,018,310
Investment res.	400,000	200,000
Conting. res.	24,301	24,599
Free surplus†	315,052	374,300

*At book value. †Including shareholders' surplus.

Operating in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia
FIRE AUTOMOBILE WINDSTORM
Insurance in force over $250,000,000.00
Total Assets over 3,000,000.00
Agents required in Ontario
Write Eastern Branch, 2 Toronto St., Toronto, Ont.
THE WAWANESA MUTUAL INSURANCE CO.
Head Office—Wawanesa, Man.

NORTHWESTERN MUTUAL FIRE ASSOCIATION
SEATTLE WASHINGTON
BRANCH OFFICES Toronto Ottawa Vancouver Victoria Edmonton Calgary Saskatoon Winnipeg Montreal Quebec City St. John Halifax
HEAD OFFICE FOR CANADA HAMILTON ONTARIO
WRITING FIRE AND AUTOMOBILE INSURANCE AT COST. ASSETS [illegible]
ALL POLICIES NON-ASSESSABLE PAYING DIVIDENDS RANGING FROM 20% TO 30%

PROTECTION
The Independent Order of Foresters is a fraternal benefit society operating under a lodge system and existing for the purpose of affording protection to men and women the completest protection at the minimum cost. This protection covers practically every phase of family life. In addition to the protection afforded through its Insurance and Sick Benefit Departments, a number of practical fraternal benefits are available to its members.
Assets — $49,000,000.00
Independent Order of Foresters
FRANK E. HAND, Supreme Chief Ranger
HEAD OFFICE: TORONTO, CAN.

WESTERN ASSURANCE COMPANY
FIRE · MARINE · AUTOMOBILE · ACCIDENT · SICKNESS · BURGLARY · GUARANTEE
ESTABLISHED A.D. 1851

THE FIFTY SECOND YEAR OF UNBROKEN PROGRESS
New business in 1932 amounted to $26,053,045. Increased satisfaction of the policyholders was evidenced by their purchase of 34% of this total. Assurance in force at close of year aggregated $193,052,844.
Payments to policyholders and beneficiaries in 1932 were $5,834,891 being $904,020 greater than in the previous year. Nearly 80% of this total was paid to living policyholders. Liberal dividends to policyholders have been maintained, the total amounting to $1,438,242, an increase of $124,024.
Assets totalled $47,298,633 and the distribution of ledger assets was as follows: 30.1% Government and Municipal Bonds; 28.0% First Mortgages; 18.6% Policy Loans; 10.8% Corporation Bonds; 5.3% Bank, Loan, Trust and Consumers' Gas Stocks; 3.8% Preferred Stocks; 3.2% Real Estate and Cash in Banks, etc; 1/5 of 1% Common Stocks.
GREAT STRENGTH AND STABILITY
The soundness of the Company's investment policy is indicated by the high character and well-balanced diversification of its assets and also by the earned interest rate of 5.70%. After writing down assets by $1,164,841 and providing an investment contingency reserve of $1,100,000 the surplus funds amounted to $6,035,328. The Company thus holds assets of $115.00 for every $100.00 in liabilities.
The policyholders, who receive the entire profits earned and who own and control this mutual assurance company, may regard with satisfaction its outstanding achievements, dividend record, strength and conservatism.
T. Bradshaw, President
D. E. Kilgour, General Manager
NORTH AMERICAN LIFE ASSURANCE COMPANY
HEAD OFFICE — TORONTO, CANADA

Bank Chat on Current Topics

Thank You, Mr. Bank Manager

BANK managers who follow a constructive policy in guiding the affairs of customers do not always have the success their efforts should bring. Sometimes sound advice, given by a bank manager for his client's benefit, loses business for the bank.

A bank manager recently told us about a client who had been expanding his business too rapidly, and to whom he had issued a friendly warning. In fact the banker strongly advised the man not to continue increasing his borrowings, but to consolidate his position and liquidate part, at least, of his obligations. The customer was annoyed at this sage counsel and finally transferred his account and continued his expansion through other credits. The result was that he lost his business through unprofitable operations in larger premises.

Several years later, after a sojourn in Western Canada, the customer returned to his former haunts and called on the banker who had advised conservatism. He acknowledged that he had lost heavily by failing to take heed when warned, but expressed his gratitude for the advice which the banker had given in vain. Doctors sometimes say that there is nothing so rare as a grateful patient, but what could be less common than gratitude for sound advice which had been scorned?

* * *

Post-Dated Cheque is Promissory Note

THAT old friend of the banker, an N. S. F. cheque, is not always just that. By a recent court ruling in Quebec, a post-dated cheque, which was marked N. S. F. by a bank, was classed as a promissory note. It was pointed out on this page a few weeks ago that this was the legal status of such an instrument.

Since such post-dated cheques rank as promissory notes in the eyes of the law when not honored, they have some advantages over the ordinary note. The holder can present them at any convenient branch of any bank for collection without the need to appear at a specific time and place as in the case of a note. In the event of the cheque being dishonored, civil action must be taken as in the case of a note, as the court indicated in the Quebec case. The view of the court was the act of post-dating the cheque made it a promissory note.

* * *

Provincial Currency Drops $7.00

PROVINCIAL currency issues amounting to $27,593.83 were outstanding at Dec. 31, 1932, and during that year registered the smallest change of any of the items reported by the monthly report of the Minister of Finance on Dominion note circulation in Canada. The reduction in the total outstanding amount of provincial notes was only $7 in 1932, but it represents progress toward the extinction of this money. In July, 1867, there was $3,480,000 of provincial currency in circulation.

The history of the provincial note issues goes back many years. The last Provincial Notes Act was passed in 1866 by the Province of Canada and authorized the Government to issue notes to be used for current circulation and as reserve currency for the banks. After Confederation in 1867, the Dominion Government took over these issues under an act passed in 1868 and thereafter issued its own currency. With the passing of this act the provincial currency issues began to disappear.

The act of 1868 was extended in 1876 to take in Prince Edward Island, British Columbia and Manitoba, and from this time provincial currency began to be more of a curiosity than a commonplace. The redemption of $7 in provincial currency in 1932, and the small total outstanding show how near this money system has come to complete extinction.

The issues will probably never be entirely cleared up, and eventually will become a fixed sum in the monthly Dominion currency return. The reason for this is that some of the money will be kept by collectors and that some has been destroyed in fires, shipwrecks and other accidents. A recent shortage of one-cent pieces brought some of the provincial copper coins to light, but silver and notes are never seen now in common use.

Staff Changes

The Bank of Nova Scotia announces the following changes in staff appointments:

G. E. CONNELY, formerly manager at Haymarket Square, Saint John, N.B., to be manager at Antigonish, N.S., to succeed A. L. KERR, who is retiring on pension on account of ill health.

J. R. CURRY, formerly accountant at Saint John, N.B., to be in charge at New Richmond, Que.

J. W. WYLIE, formerly accountant at Ottawa, to be manager at Metcalfe and Nepean branch, Ottawa.

W. C. SCOTT, formerly accountant at Rideau and William branch, Ottawa, to be accountant at Ottawa.

J. O. WALSH, formerly assistant accountant at Bank and Gloucester, Ottawa, to be accountant at Rideau and William, Ottawa.

The Royal Bank of Canada has made the following changes in staff:

W. L. SIMPSON, formerly manager of the Beamsville, Ont., branch, to be at Burford.

F. C. KENNEDY, formerly of the supervisor's department, Toronto, to be manager at Welland, Ont.

Company Buys Canadian Lumber

Huntley and Palmers, Limited, biscuit manufacturers of Reading and London, England, are now buying Canadian lumber, a shipload at a time, for the manufacture of their packing cases, according to a recent circular published by the company. A recent shipment of spruce from Canada, to this firm, totalling 1,000,000 feet, is said to be one of the largest consignments yet to arrive in England from this country.

Current Events in Banking World

DOMINION BANK'S LIQUID RATIO UP AS AGAINST 1931

Shares Earned $16.86 Before Deductions, $9.51 After

Liquid position of The Dominion Bank was materially improved in the year ended Dec. 31, 1932. The ratio of liquid assets to liabilities to the public stood at 57.6 per cent, compared with 54 per cent at Dec. 31, 1931.

Net profits in 1932 amounted to $1,179,931, or 10.8 per cent less than in the previous year. Earnings in 1932 amounted to $16.86 a share, compared with $18.69 per share in 1931. After deduction of provisions for depreciation of the bank's premises, taxes and $250,000 for depreciation in value of securities, earnings amounted to $9.51 per share, compared with $13.01 per share in 1931. The allowance for lower value of securities was $50,000 more in 1932 than in 1931, and is an addition to the contingent fund set up last year. This contingent provision is not being deducted from the value of securities held. Before deducting the securities provision in 1932, share earnings amounted to $13.08. Dividends paid for 1932 amounted to $11 a share.

Allowance for Pension

After making all the provisions mentioned above, and deduction of $50,000 for contribution to officers' pension fund, the surplus standing at the credit of profit and loss amounted to $310,773, compared with $465,209 in the previous year, a reduction of $154,436.

A decrease of $9,388,449, amounting to 8.9 per cent, was shown in total deposits in 1932. This was made up of decreases of $5,928,943 in interest bearing deposits and $3,459,506 in deposits not bearing interest. The decline for each type of deposits was 7.0 per cent and 17.2 per cent respectively.

Reflecting the lower activity of general business, current loans in Canada were reduced $7,604,085 or 12.4 per cent, from $61,248,987 to $53,644,902. This decrease was reflected in total assets which declined by $9,958,041, or 7.5 per cent, from $132,875,079 to $122,917,038, during 1932. Call loans in Canada dropped nearly five million dollars, from $13,011,679 to $8,023,517 in the year.

Notes of the bank in circulation showed a relatively small decline during the year. This amounted to $430,073, or 6.9 per cent from the amount at Dec. 31, 1931. The bank showed advances under the Finance Act of $1,500,000 at Dec. 31, 1932, and this may have been chiefly responsible for an increase of nearly $2,500,000 in its holdings of Dominion notes on the same date. The advances from the Dominion Government under the Finance Act are the first to appear in the annual statement of the bank since 1930 when this item amounted to $2,000,000.

Securities Holdings Up

Increases were shown in the bank's holdings of securities. Dominion and provincial government securities rose $3,184,963, from $19,222,379 in 1931 to $22,407,342 in 1932. Holdings of Canadian municipal and foreign public securities rose by $376,650 during the year, while railway and other bonds, stocks and debentures were up $67,972.

The comparative income and surplus accounts and balance sheets for the years ended Dec. 31, 1931 and 1932, as drawn up by The Financial Post from the figures of the bank, are as follows:

INCOME AND SURPLUS ACCOUNT
Years Ended December 31

	1932	1931
	$	$
Net profits*	1,179,931	1,322,287
Less appropriations:		
Dividends	770,000	840,000
Officers' pension fund	50,000	50,000
Writ. off prem.	50,000	....
Prov. for depr. in secs.	250,000	200,000
Dom. & Prov. tax.	214,367	211,297
Surplus for year	†154,436	20,990
Add: Prev. surplus	465,209	444,219
Bal. carried for'd.	310,773	465,209

*After charges of management, interest on deposits, and reserve for doubtful assets. †Deficit.

GENERAL STATEMENT
As at December 31
Immediately Available Liquid Resources

Assets	1932	1931
	$	$
Specie	624,980	1,018,694
Dom. Govt. notes	11,853,104	9,367,641
Gold reserve	400,000	1,000,000
Due by for. banks.	2,710,461	2,122,778
Foreign currency	37,825	42,360
Govt. securities	22,407,342	19,222,379
Call loans abroad.	995,895	1,183,400
	39,029,607	33,957,252
Loans and Securities Other Than Those of Canadian Government		
Public securities	4,751,463	4,374,813
Rlwy. bds. & secs.	2,824,456	2,756,484
Can. call loans	8,023,517	13,011,679
Current loans*	53,644,902	61,248,987
Current loans abd.*	834,005	1,643,043
	70,078,343	83,035,006
Due from Other Banks		
Notes of other bks.	678,585	686,390
Cheques of oth. bks.	4,936,427	6,789,813
	5,615,012	7,476,203
Other Assets		
Non-current loans*.	398,327	222,810
Real estate	71,435	59,035
Mortgages	25,566	15,706
Letters of credit	1,250,393	1,622,127
Bank premises	5,980,000	6,031,161
Dep. re circ. fund.	324,825	334,950
Sundry assets	143,530	120,829
	8,194,076	8,406,618
Total assets	122,917,038	132,875,079
Liabilities		
To the Public		
Circulation	5,832,230	6,262,303
Govt. advances	1,500,000	....
Deposits by public:		
Demand	16,713,774	20,173,279
Sav. & accr. int.	79,346,873	85,275,816
To banks abroad, etc.:		
Foreign banks	1,128,410	1,534,617
Letters of credit	1,250,393	1,622,127
Other liabilities.	265,033	366,948
	106,036,713	115,235,090
Due other Can. bks.	393,629	963,835
To the Shareholders		
Dividend payable	175,000	210,000
Unclaimed divds.	923	945
Reserve fund	9,000,000	9,000,000
Capital stock	7,000,000	7,000,000
Surplus	310,773	465,209
	16,486,696	16,676,154
Total liabilities	122,917,038	132,875,079

*After reserve for bad and doubtful debts.

Apple Movement Increases

Apple growers of the Okanagan Valley have been advised through their London contractors that 723,000 boxes of apples moved to the British market this winter, compared with 651,000 boxes supplied by United States shippers from the Pacific coast.

Savings Deposits Up 4% For Bank of Nova Scotia

Total Deposits Down Only .16% — Dividends Earned by Substantial Margin — Share Earnings $19.20 — Liquid Ratio up to 62.7%

An increase of four per cent in interest bearing deposits, amounting to $6,688,650, was shown by The Bank of Nova Scotia in its statement for the year ended Dec. 31, 1932. The Bank of Nova Scotia is the only Canadian bank so far to show a gain in this respect. Total deposits were slightly lower due to a 20 per cent decline in non-interest bearing deposits during the year.

Net profits of the bank were $2,303,434, a decline of 10.7 per cent from the 1931 figure. Earnings per share on the stock of the bank amounted to $19.20 in 1932 compared with $21.50 in the previous year. After provisions for taxes on note circulation, and for depreciation of bank premises, earnings per share amounted to $16.11 for 1932, compared with $17.17 for 1931. Thus, dividends of $15 a share declared from the 1932 earnings were earned by a substantial margin.

Surplus Increased

After deducting provisions for pension fund, depreciation and taxes, a credit balance of $18,561 was carried into surplus account at the end of the year.

Liquid position of the bank was materially improved in 1932, the ratio of liquid assets to liabilities to the public standing at 62.7 per cent at Dec. 31, 1932, compared with 56.8 per cent at the end of 1931. There was a reduction of current loans in Canada of only 10.2 per cent, from $107,513,949 to $96,522,894. Current loans abroad declined from $14,586,192 to $13,639,883, being a smaller proportionate reduction than in current loans in Canada. These reductions in loans indicate the effect of reduced volume of general trade, but are comparatively small.

A noteworthy feature of the balance sheet of the bank at Dec. 31 is the absence of mortgage holdings and real estate for sale. The last appearance of the latter item in the bank's statement was in 1930, and prior to that year, was not shown after 1927. Mortgages have not appeared in the statement for many years.

Total Assets Higher

A unique feature among 1932 bank statements is an increase of .92 of one per cent in total assets of the Bank of Nova Scotia, from $262,496,455 in 1931 to $264,914,117 in 1932. This would appear to be at least partly due to advances received under the Finance Act in November, 1932, but without this there would have been only a slight reduction at most.

Changes in the bank's holdings of securities include increases of over $9,000,000 in Dominion and provincial government bonds and over $4,000,000 in Canadian municipal and foreign public securities. There is a decrease of $1,754,238 shown in holdings of railway and other bonds, debentures and stocks.

Advances from the Dominion Government under the Finance Act increased from nil to $3,214,000 during 1932. This change is due entirely to the special advances made to the banks in November, 1932, the total advances to the Bank of Nova Scotia amounting to exactly the amount of increase occurring in that month. This is the first time such advances have appeared in the bank's statement since 1929 when the amount shown was $6,000,000. An increase of over $6,000,000 in the bank's holdings of Dominion notes in its 1932 statement may be largely accounted for by the advance mentioned above.

Comparative Statement

The comparative income and surplus accounts and the balance sheets of the bank at Dec. 31, 1932 and 1931, as drawn up by The Financial Post from the bank's figures, are as follows:

INCOME AND SURPLUS ACCOUNT
Years Ended December 31

	1932	1931
	$	$
Net profits*	2,303,434	2,579,802
Less appropriations:		
Dividends	1,800,000	1,920,000
Pension fund	115,000	115,000
W/o premises	250,000	400,000
Dom. Govt. taxes.	119,843	120,000
Surplus for year	18,591	24,802
Add: Prev. surplus.	550,633	534,831
Bal. carried for'd.	578,224	559,633

*After charges of management and provision for bad and doubtful debts.

GENERAL STATEMENT
As at December 31
Immediately Available Liquid Resources

Assets	1932	1931
	$	$
Specie	9,829,480	9,245,969
Dominion notes	19,656,294	13,536,016
Gold reserve	1,250,000	2,000,000
Due by for. banks.	7,440,109	6,408,657
For. currency	1,382,317	1,479,052
Govt. securities	46,808,773	37,233,331
Call loans abroad.	2,187,754	4,669,655
	88,554,727	74,572,680
Loans and Securities Other Than Those of Canadian Government		
Public securities	20,365,283	16,169,933
Rly. & other secs.	8,024,925	9,779,163
Can. call loans	13,057,298	13,314,709
Can. current loans*	96,522,895	107,513,949
Current loans abd.*	13,639,883	14,586,192
	151,600,284	161,363,946
Due from Other Banks		
Notes of other banks	1,013,389	913,158
Cheques of oth. bks.	6,770,172	8,857,999
	7,783,561	9,771,157
Other Assets		
Non-current loans*.	686,051	410,024
Inv. in & adv. to subs.	2,689,032	2,696,392
Letters of credit	4,834,757	4,606,872
Bank premises	7,983,802	8,293,955
Dep. re circ. fund.	568,910	566,102
Other assets	212,993	215,327
	16,975,545	16,788,672
Total assets	264,914,117	262,496,455
Liabilities		
To the Public		
Circulation	11,079,008	12,702,833
Govt. advances	3,214,000	....
Deposits by public:		
Demand	27,969,914	34,975,949
Savings	175,159,661	168,471,011
To banks abroad, etc.:		
Foreign banks	2,609,796	1,987,648
Bills payable	230,171	187,405
Letters of credit.	4,834,757	4,606,872
Other liabilities.	274,589	209,111
	225,371,896	223,140,829
To banks in Canada	2,589,258	2,313,789
To the Shareholders		
Dividends unpaid	424,738	482,204
Reserve fund	24,000,000	24,000,000
Capital stock	12,000,000	12,000,000
Surplus	578,225	559,633
	37,002,963	37,041,837
Total liabilities	264,914,117	262,496,455

*After reserve for bad and doubtful accounts.

Will Consider Central Banking States Bennett

While he expressed strong commendation of Canada's present banking system, Rt. Hon. R. B. Bennett hinted in his recent Toronto address that the central bank problem would be considered by the Government. It might be implied from his remarks that this matter would receive attention when the Bank Act is being revised this year.

Mr. Bennett's comment on this topic was, in effect, that a central banking institution, as suggested in some quarters, would first have to receive the consideration of a body of experts before being taken under advisement by the Government. On the whole, Mr. Bennett said the present system was "safe and sound."

'I do not say, however," he said, "that changes or improvement can't be made, and may not be made, and will not be made."

Kitchener Clearing Assn. Elects Officers For 1933

At the annual meeting of the Kitchener, Ont., Clearing House Association which, in accordance with their former custom, was preceded by a banquet, the following officers were elected: President, D. A. MacMillan, manager of the Bank of Montreal; vice-president, A. J. Cundick, manager of the Bank of Nova Scotia; Secretary, J. W. Thomson, manager of the Imperial Bank of Canada. E. B. Pepper, accountant at the Canadian Bank of Commerce, was elected manager of the clearing house for the ensuing year.

While the president, and other members, declined to make any comments as to an early revival of trade, the consensus of opinion was that the worst was perhaps behind us, and that Kitchener industries had weathered the storm fairly well, and had their affairs pretty well in hand.

Bank of Nova Scotia Statement Brief

Important features of The Bank of Nova Scotia's annual statement for the year ended Dec. 31, 1932, as analyzed by The Financial Post, are shown as follows:

Net profits down	10.7%
Liquid ratio up to	62.7%
Share earnings down	$2.30
Share earnings after write-offs down	$1.06
Dividends per share for 1932 down	$1.00
Interest bearing deposits up	4.0%
Non-interest bearing deposits down	20.0%
Total deposits down	.16%
Circulation down	12.8%
Canadian current loans down	10.2%
Total assets up	.9%

Foreign Exchange

CANADIAN dollars closed at 86⅞ cents in New York for the week ended Jan. 23, this being a full cent below the quotation at the end of the previous week. Renewed talk of artificial depreciation of the Canadian unit was cited as responsible for this decline. Since Rt. Hon. R. B. Bennett has spiked the rumor that the Government was considering such a policy, the removal of this adverse factor may aid the situation.

Since other leading foreign currencies were quoted at higher levels toward the end of the week, the weakness in Canadian dollars in the United States, not unreasonably, may be assigned to the inflation rumors. The adoption of a policy of currency depreciation by New Zealand brought the matter to the fore. Instead of a former rate of about 112 to 100 for sterling, New Zealanders will now have to pay 125 per 100 for sterling, or the same rate as prevails in Australia. It remains to be seen whether an artificial control of currency of this kind can be successfully maintained. Circumstances beyond the control of the island Dominion will probably determine the answer to this question.

* * *

WHILE Canadian dollars were declining during the week, sterling was stronger in New York and hence in Canada. The Montreal and Toronto quotation for sterling rose from $3.81 on Jan. 16 to $3.87 on Jan. 23. The advance in the last two weeks in Canada has been from $3.76 to $3.87. This brings the British unit out of its former apparent sympathetic relationship with the Canadian dollar.

Talk of inflation in the United States was the reason given for the strength of French, Dutch, Swiss, Italian, and Scandinavian currencies in New York on Jan. 23. In present circumstances it requires only rumor to bring nervousness into the exchange markets.

FOREIGN EXCHANGE
New York Funds

	High (Premium)	Low (Premium)	Last Year High (Premium)	Last Year Low (Premium)
	%	%	%	%
Jan. 17	14 1-2	14 3-8	18 1-4	18
Jan. 18	15	14 1-2	18 1-8	16 3-8
Jan. 19	15 1-8	14 7-8	16 7-8	15 1-4
Jan. 20	14 5-8	14 3-8	16 5-8	15 1-4
Jan. 21	14 7-8	14 1-4	17 5-8	16 3-8
Jan. 23	15 1-8	14 7-8	17	16 3-8

STERLING, FRANCS AND LIRE
Close Demand in New York

	Sterling	Francs	Lire
Jan. 17	3.35 1-4	3.90 7-16	5.11 3-4
Jan. 18	3.34 5-8	3.90 3-8	5.11 1-2
Jan. 19	3.34 5-8	3.90 1-4	5.11 1-2
Jan. 20	3.35 1-4	3.90 3-16	5.11 1-2
Jan. 21	3.35 1-8	3.90 3-16	5.11 1-2
Jan. 23	3.36 1-4	3.90 3-4	5.11 1-2

Close Demand in Toronto

Par		Jan. 9	Jan. 16	Jan. 23
5.26	Italian	5.75‡	5.82‡	5.88‡
23.80	German	26.73	27.03‡	27.36‡
13.90	Belgian	15.57	15.74	15.94
49.80	Japanese	23.44	23.89	24.15

Cheese Shipments Show Increase

According to reports given out at the annual meeting of the Montreal Butter and Cheese Exporters' Association, cheese shipments from the ports of Montreal and Quebec last year amounted to 934,613 boxes as compared with 908,925 boxes in 1931.

Dominion Bank Report Analyzed in Brief

A brief analysis of the annual statement of the Dominion Bank for its fiscal year ended Dec. 31, 1932, as prepared by The Financial Post, shows the following change in important items:

Net profits down	10.8%
Liquid ratio up to	57.6%
Share earnings down	$2.03
Share earnings after write-offs down	*$3.43
Dividends per share for 1932 down	$1.00
Interest bearing deposits down	7.0%
Non-interest bearing deposits down	17.2%
Total deposits down	8.9%
Circulation down	6.9%
Canadian current loans down	12.4%
Total assets down	7.5%

* Includes write-off for depreciation of securities.

DOUBLE LIABILITY BEGAN IN CANADA IN BANK OF N. S.

Bank Issues Book Describing 100 Years of Its History

On March 30, 1832, the Royal assent was given to a bill in Nova Scotia from which has descended to the present day the double liability of stockholders of Canadian chartered banks. The granting of its charter to The Bank of Nova Scotia was the first occasion on which this provision, subsequently incorporated in the Federal Bank Act, appeared. The act of incorporation provided for this double liability in the following terms.

"That in case any loss or deficiency of the capital stock shall occur from the official mismanagement of the directors, each shareholder of the bank shall be liable to pay a sum not exceeding the amount of the stock actually then held, in addition to the stock so held by him."

History Published

A one-volume history, "The Bank of Nova Scotia, 1832-1932," which has just been published by the bank, contains this illuminating information, and comments that "this . . . was the Nova Scotian expression for the double liability of the shareholders . . . now so inherently a part of the Canadian banking system." Other conservative provisions were contained in the charter, this conservatism arising from widespread bank failures in the United States between 1820 and 1826 and following the suggestions of the Privy Council for trade made in 1830.

Thomas Fyshe, who was cashier (the equivalent of general manager) from 1876 to 1897 is given credit for much of the success of the bank in building its business in the latter part of the nineteenth century. The book describes him as a forceful character and awe-inspiring and states: "The story is still told of one of the bank's country agents whose health was very poor and who invariably partook of a little liquid refreshment before opening the official envelope bearing the head office mark."

Amusing Incident

An amusing but costly incident in the history of the bank occurred when the said Fyshe was absent from Halifax on an inspection trip. The occasion was the first visit of the Barnum Circus to Halifax on Aug. 1, 1876, and is described in the book as follows:

"It was the first circus street parade Halifax had seen, and with characteristic color and noise it wound its way through the town, passing within a few doors of the Bank of Nova Scotia building on Hollis Street, ... The entire staff hurried to the front door to see the procession, but as their view was obstructed by the crowd which gathered, they locked the door of the office and moved in a body to the corner to get a better view.

"While thus engaged, a well-dressed individual rang the doorbell at the other end of the bank building, and asked permission of the caretaker's wife, who answered the call, to recover a paper supposedly dropped through a grating in the sidewalk. Having thus gained admittance, he hurried through the basement to the deserted banking chamber and helped himself to the tidy sum of $21,600 . . .

"The day following the robbery, Mr. Fyshe returned and, as might have been expected, both of the tellers and the accountant were instantly dismissed. It must have been a stormy day in the bank's history."

Lists of officers and directors and financial statements are contained in the book also. During the 100 years of its existence the bank has had only 12 presidents and only six general managers, James Forman, the first manager, having held the position for 38 years, from 1832 to 1870. A sharp contrast may be drawn between the 101st annual statement of the bank, which has just been issued, and the first general statement as at Feb. 28, 1833.

First General Statement of the Bank of Nova Scotia as at Feb. 28, 1833

Liabilities	£
Capital stock paid in	50,000
Notes in circulation	16,613
Amount of deposits	18,944
Net profits in hand	311
	85,868
Assets	
Gold and silver in vaults	27,717
Copper coin	94
Provincial treasury notes	1,592
Notes of other banks	283
Balances in New York and London.	153
Debts due bank on discounted notes.	56,029
	85,868

Weekly Bank Clearings

	Jan. 21, 1932	Jan. 19, 1933
Halifax	$ 2,601,686	$ 1,870,778
Saint John	2,017,967	1,411,988
Moncton	779,345	536,714
Sherbrooke	574,330	450,410
Quebec	4,255,658	3,259,293
Ottawa	6,191,898	3,425,881
Montreal	79,444,634	66,742,851
Kingston	561,077	404,704
Peterborough	620,289	565,948
Toronto	82,349,374	74,965,118
Hamilton	3,694,918	2,916,055
Kitchener	806,430	691,636
Brantford	754,437	551,988
London	2,251,245	2,006,947
Chatham	510,690	378,558
Windsor	2,997,992	1,757,150
Sarnia	439,860	304,991
Sudbury	487,419	397,210
Fort William	$ 631,832	$ 450,517
Winnipeg	28,240,308	27,218,284
Brandon	300,494	254,316
Moose Jaw	520,017	444,281
Regina	2,561,597	2,075,199
Saskatoon	1,298,998	939,283
Prince Albert	297,817	202,884
Edmonton	3,725,818	......
Calgary	4,787,237	4,173,387
Medicine Hat	181,239	193,137
Lethbridge	286,185	293,101
New Westminster	486,204	359,986
Vancouver	13,772,577	11,344,621
Victoria	1,522,008	1,321,101

ONTARIO LOAN EARNED 13.3 P.C.; CASH IS HIGHER

Increase in Deposits Offsets Drop in Sterling Debentures

Ontario Loan & Debenture Co., London, Ont., earned 13.36 per cent on paid-up capital of $2,000,000 in 1932 which compares with 13.90 per cent earned in 1931. Net earnings in 1932 were $292,811. Dominion taxes totalled $30,055 of which $4,629 is retroactive on 1931 profits. Dividends were paid at the rate of 12 per cent and write-offs of $19,680 was provided on vault and premises. After all deductions, surplus was increased to $76,620 from $73,543 brought forward from 1931.

Liabilities to the public at $8,325,328 show decrease of only $14,689. Sterling debentures are down to $572,118 from $769,482 but currency debentures are up to $6,276,359 from $6,207,397 and deposits increased to $1,437,252 from $1,293,302.

Assets of the company total $13,661,948 of which $11,298,371 represents principal and interest on mortgages, a reduction from the $11,528,003 shown for the same item in 1931. The great bulk of these mortgages is on urban residential property and less than 15 per cent is on farms. It is stated that provision made in previous years for possible future losses has been largely augmented in 1932. Payments on mortgages in 1932 are stated to have been made in a satisfactory manner. Real estate held for sale has increased to $149,639 from $79,430.

Cash Is Higher

Cash has been increased to $406,192 from $279,541 shown in 1931; holdings of securities of the United Kingdom, Canada and the various provinces have increased to $722,995 from $637,420 while guaranteed obligations of the Dominion and the provinces are down to $400,842 from $413,583 and Canadian municipal securities are down to $483,965 from $529,529. Loans on stocks and bonds are shown at $29,441 and office premises have increased to $90,000 as a result of safety deposit vaults installed and other improvements. Cost to the company of capital expenditures was $49,680 from which $19,680 was written off during the year.

The company's reserve fund remains at $3,200,000 and capital at $2,000,000 representing 40,000 full paid shares of $50 par value. Earnings of the company since 1928 have been as follows:

Earnings Record

Year	Paid-up capital	Net profits*	Div. rate	Rate earned per sh.†
	$	$	%	%
1928	1,750,000	300,836	6	8.60
1929	1,750,000	304,757	6	8.71
1930	2,000,000	290,558	6	7.76
1931	2,000,000	277,841	6	6.95
1932	2,000,000	267,386	6	6.68

*After payment of provincial and municipal taxes, interest, expenses and charges, and after making provision for possible losses and contingencies and income tax.

†Based on fully paid-up capital in 1932 and 1931, on average paid-up capital of approximately $1,875,000 in 1930, and on capital stock paid-up of $1,750,000 in prior years.

What Editors Say of Banks

Comparing Two Systems

Ottawa Evening Journal—The Canadian banking system no doubt has its faults. Every time the Western members come to town we are told about it all over again. But—

No Canadian bank has failed, suspended, or gone into a merger, in the past three difficult years;

And, on the other hand, between January 1, 1930, and August 30, 1932, a period of two years and eight months, 4,676 banks in the United States closed their doors.

To express it another way:

Not a dollar has been lost to depositors in Canadian banks during the business depression. But in these 32 months $3,140,048,000 belonging to American depositors, was tied up through the failure of 4,676 banks, much of it irrevocably lost . . .

State Government, which is the organ of the American Legislators' Association, with head office in Chicago, is the authority for the figures quoted here . . . "Clearly," says State Government, "the smaller banks have been less able to weather our financial hurricane than have their larger brothers," and it points out that while 18 per cent of all the banks in the country failed in those 32 months less than six per cent of the total deposits were tied up thereby. One out of every ten national banks closed its doors, and one out of every five state institutions. Some of them have re-opened—10.5 of the closed state banks and 4.1 of the national institutions.

COST

OF A CHEMIST'S SERVICES IS VERY SMALL IN COMPARISON WITH THE VALUE TO BE DERIVED FROM HIS WORK. IT'S AN INVESTMENT THAT YIELDS A DIRECT AND INDIRECT RETURN.

MILTON HERSEY COMPANY, LIMITED
Industrial Chemists and Engineers
MONTREAL WINNIPEG

GREATER STRENGTH
Attained in 1932

The increased financial strength of the Company is shown in "Surplus Funds to Policyholders", which now stands at the highest point in its history. The following summary also indicates other important achievements in 1932:

Business in force	$ 37,432,865.00
Total Assets	7,722,928.23
Reserves	6,776,940.00
Income	1,587,890.79
Surplus to Policyholders	675,132.26
Payments to Policyholders and Beneficiaries in 1932	913,381.42

Continental Life Insurance Company
Head Office TORONTO
GEORGE B. WOODS President

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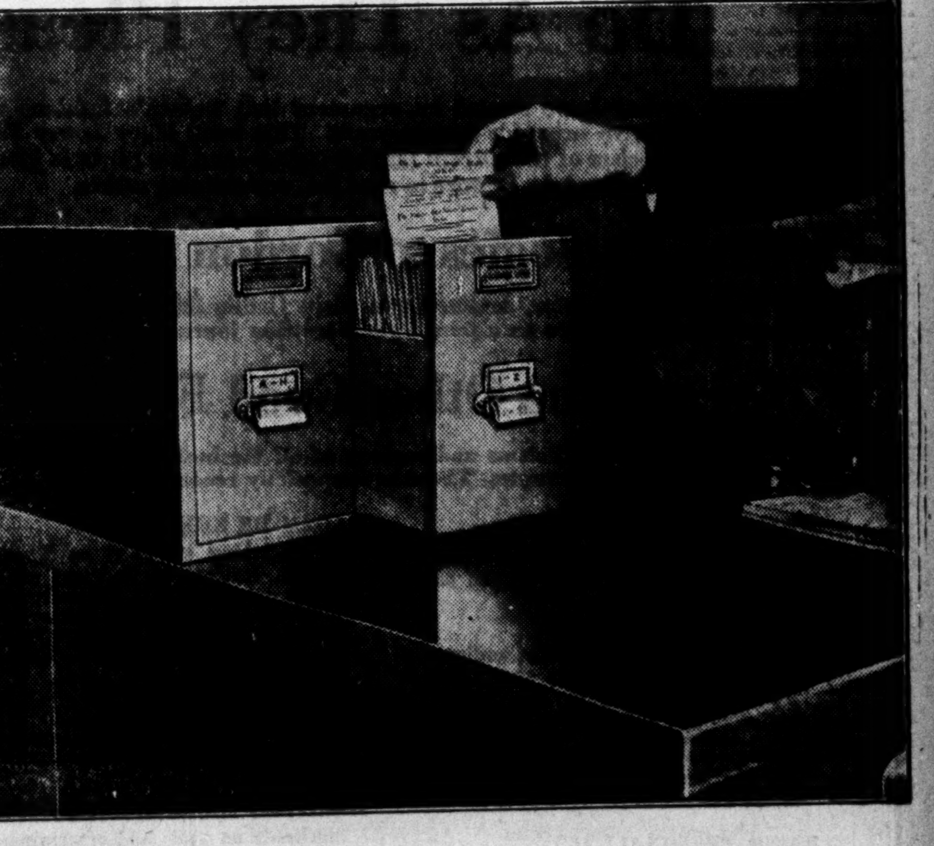

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Far-reaching Decisions Reached at Ottawa on National Problems

Clear Cut Solution Found for Company Law Tangle — Insurance Jurisdiction Struggle Takes Unexpected Turn

MOST IMPORTANT MEET IN DECADE

Ontario and Quebec Win Victory in Unemployment Insurance But Lose Ground in Field of Commercial Insurance — Bus and Truck Agreement Reached

From Our Own Correspondent

OTTAWA.—Three major achievements mark the Dominion-Provincial conference of last week as the most important constitutional event in the past decade.

Contrary to the daily reports issued from Ottawa the delegates to the conference made substantial progress in clearing away the constitutional dead wood which, for many years, has engulfed company law.

The question of unemployment insurance which precipitated one of the most spectacular political battles of the year, was clarified. In other respects, outstanding issues were advanced materially toward solutions. The vexed matter of truck and bus competition with railways was placed, definitely, on the high road to solution.

It is true, of course, that one-half the items that comprised the conference agenda were either glossed over or shelved. The record of constitutional conferences, however, notably the conference of 1927, is that nearly all the items under consideration are sidetracked.

Company Law Gains

The most clear cut of the achievements of the conference concerns company law. Under the constitution the provinces as well as the Dominion are empowered to incorporate companies and the incorporation, whether provincial or Dominion, carries the right to do business in all sections of the country. There have been three or four major lawsuits on this question, all of them carried to the Privy Council, and the upshot has been a standoff as between provincial and Dominion rights.

Under the circumstances reform of company law was difficult. For any one or two jurisdictions to tighten up their laws simply meant that new companies would seek incorporation elsewhere. It was a situation not unlike that prevailing in the United States where companies sought incorporation in Delaware, because it offered fewest restrictions.

For many years either a group of provinces or the Dominion has sought company law reform. These campaigns, often carried on with great vigor, as was in the case with the blue sky movement in the Prairie Provinces, always ended in complete failure.

Model Act Planned

But at last week's conference, all the provinces and the Dominion agreed to enact a model company law, uniform in all particulars. The business of drafting such a law will be turned over to the law officers of the various governments and it should be ready for submission to parliament and the legislatures by 1934. When enacted, all company laws in Canada will be uniform, will present a united front against sharp practice and loose methods.

Truck and Bus Agreement

With respect to truck and bus competition the conference made equally substantial progress. While the official communiques did not say so, all the provinces agreed to co-operate in the implementing of the Duff Commssion report.

At the moment, provincial control and taxation of vehicles presents a confused and tangled mass of detail, and, for that reason, the conference could not deal finally with the subject. Hon. R. J. Manion, minister of railways, will send questionnaires to each province, will outline what needs to be done. By amending existing provincial laws, the provinces will bring their administration into conformity with the Duff report. The Ontario system of control probably will be adopted throughout the country.

Insurance Tangle

The third major issue concerns the licensing and control of commercial insurance. The final report of the conference did not mention this item. There was no resolution, nothing to indicate that delegates had found any way out of the constitutional impasse.

Behind conference doors, however, an entirely new development occurred which while hailed in some quarters as a "solution" of this vexed problem, is interpreted by others as something which merely intensifies the present problem and leaves the whole question in a more disturbed state than has been the case for many years.

Six Provinces Will Act

What happened was that on the question of insurance jurisdiction the provinces lined up three for provincial rights and six for federal rights. But instead of leaving the matter there, the six provinces made known their intention of taking active steps to thwart the ambitions of their fellow provinces. The six provinces intend to enact legislation, within the year, bestowing all their jurisdiction over insurance upon the Dominion Government.

Moreover, according to present plans, The Financial Post learns that they mean to place a substantial tax upon all insurance companies which are licensed provincially and seek to do business within their boundaries. There will be no tax upon Federal companies.

If this materializes it means that all companies incorporated in Quebec, Ontario and British Columbia would have to pay heavy taxation in order to operate nationally. They will scarcely do so. The constitutional question, therefore, must come to an immediate issue, and in the struggle that probably will begin this year, the Dominion will be in a much stronger position than before.

Just what will be the upshot of this new turn of events, few are prepared to prophecy. The active cleavage in provincial opinion, however, points to the probability of an early and perhaps bitter controversy which may necessitate an intense and complicated legal battle with far-reaching effects. Even as recently as a week ago there were many who felt that this conference would be able to find a reasonable solution to the jurisdiction question but it seems highly improbable that the three provinces which are championing provincial rights in this matter will submit easily to any legislative or taxation measures which would force insurance control out of what they conceive to be its rightful legal channels. In regard to the taxation proposal, there are many who are already prepared to assert that such a measure is neither legal nor practical. Another point which still seems in doubt is as to what the final position of the Maritime Provinces will be. It has been suggested that on second thought they may not be so favorable to waiving their so-called insurance "rights" as appeared to be the case last week.

Unemployment Insurance

But if Quebec and Ontario suffered a reverse in regard to insurance they won a substantial victory on unemployment insurance. This question occasioned the one severe political tussle of the conference. It occasioned some criticism of the Federal Government on the ground that Mr. Bennett had not prepared adequately for the conference, was not ready to get down to business.

At the outset of the discussion on social insurance Mr. Bennett informed the conference that the question at issue was purely jurisdictional. The Federal Government conceded that a compulsory insurance scheme involved the control of wages and capital and, therefore, fell under the constitutional heading of property and civil rights which is one of exclusive provincial control. The Federal Government, said Mr. Bennett, was prepared to frame and put into operation a federal scheme provided the provinces would hand over their jurisdiction. In order to work out a sound policy, however, control over hours of labor would be necessary so that this exclusive field of provincial jurisdiction would have to be ceded also.

Mr. Bennett invited the province to discuss this matter and to inform the conference concerning the extent of the cash contribution they were prepared to make to the insurance fund.

Bennett Plan Opposed

The discussion which followed was most enlightening. At the outset the four western provinces agreed to make any jurisdictional transfer that might be necessary. The Maritimes declined to take a definite position. Quebec refused, point blank, to agree to any general transfer of constitutional rights. Mr. Taschereau believed the provinces should see precisely what was involved before being asked to decide. He thought Mr. Bennett should frame his policy, draft his legislation and then submit it to the provinces. Mr. Henry, of Ontario, doubted if a constitutional amendment was necessary. He thought the provinces could do their part by "enabling" the Dominion to enact legislation. This means that the provinces would enact the Federal law, authorize the Dominion to enforce it. Much the same thing was done with the Industrial Disputes Act and the Farm Products Marketing Act.

Mr. Bennett declined to accept provincial enabling legislation. He believed that the constitution should be amended placing these matters exclusively under Dominion jurisdiction.

Provinces Unite

The question was sent to a committee and during the discussion in committee the provinces apparently reached a common understanding. When the main conference reassembled a resolution was moved approving of unemployment insurance and declaring that the proper method of approach was for the Dominion to frame a statute and submit it to the provinces for consideration. The Dominion objected to the resolution, which undoubtedly carried the unanimous approval of the provinces. The upshot was that no resolution was reported, no action taken.

Other Matters

Of the remaining items on the agenda the questions of duplication in taxation and the overlapping in services were shelved. High sounding resolutions were reported but, from a practical viewpoint, they are meaningless. There was general agreement that more uniform statistics should be kept and headway in this direction is thought certain.

The other item under discussion was unemployment relief. The Dominion succeeded in getting the provinces to agree that the present system is reasonably efficient. The conference expressed the view that more work suitable for single men, who would be concentrated in camps, should be found. Public works which would yield a revenue and be self-sustaining were endorsed, although no one seemed to be able to name any. The Dominion is to take over a small share of the administration costs of relief for no reason, apparently, other than that this will enable proper auditing to take place.

The one definite achievement on unemployment relief was the refusal of the eastern provinces to fall into step with the West and to demand that Ottawa put up a larger share than the present one-third of the cost of relief to married persons. In this way the Federal Government was able to resist a dangerous raid on the treasury, though the western provinces no doubt will urge their case individually and jointly as time goes by.

Nfld. Codfish Exports Drop 35 p.c. In Value

Newfoundland's exports of dried codfish during the fiscal year ended June 30, 1932, amounted to 1,111,007 quintals valued at $5,029,972 compared with 1,147,108 quintals worth $7,724,830 exported in the previous twelve months. This represents a decline of over 3 per cent in volume and nearly 35 per cent in value from the previous fiscal year.

These figures demonstrate the large drop in prices which has taken place and the effect that it has had on the buying power of the colony. While no shipments were being made at the beginning of the year, exporters were hopeful that there would soon be some movement as news from both Europe and the West Indies was favorable.

INITIAL ESTIMATE OF TOBACCO CROP 52,700,000 POUNDS

Volume Up But Value Down $1,000,000 from 1931

The first preliminary estimate of Canada's 1932 commercial tobacco crop, made by the Tobacco Service of the Department of Agriculture, Ottawa, places the total crop for the year at 52,700,000 pounds, an increase of slightly more than a million pounds from the 51,300,000 pounds recorded in 1931. A 2,400,000 pound increase in the production of bright flue-cured tobacco is responsible for this increase as the second producer, burley, is down 2,000,000 pounds. Other types, with the exception of small pipe tobacco grown in Quebec, are all slightly increased.

On the basis of the average prices received for the proportion of the crop which was marketed up to the end of 1932, The Financial Post estimates the total value of the 1932 crop at $6,150,000 or more than $1,000,000 less than the amount of $7,177,540 received in 1931. The value of the bright flue-cured crop is estimated to be down $800,000 despite the increased production while steadier prices for burley maintained that type at much the same level as in 1931.

Preliminary production figures by types are:

	Preliminary 1932 lb.	Final 1931 lb.
Bright flue-cured	27,000,000	24,600,000
Burley	17,000,000	19,000,000
Cigar leaf	4,200,000	4,100,000
Dark air & fire-cured	1,750,000	1,360,000
Large pipe	2,400,000	1,700,000
Small pipe	350,000	540,000
Total	52,700,000	51,300,000

Exports of leaf tobacco in the first eleven months of 1932 were 63.6 per cent greater than in the same period of 1931, increased exports to the United Kingdom being entirely responsible; in fact, the United Kingdom took 99 per cent of the 1932 imports compared with 94.4 per cent of the imports of the first eleven months of 1931. Exports in eleven months of 1932 were 9,614,048 pounds compared with 5,875,385 pounds in this period of 1931.

Paramount Theatre Receipts Declined by 21.1 Per Cent

All Theatre Expenses Declined by Only 10.66 Per Cent —Had Chequered Earnings Experience—Overhead Proportion Becomes Dangerously High With Fall in Revenue

Chequered earning experience has been the lot of Paramount-Publix Corp., parent company of Famous Players Canadian Corp., since last July.

Strenuous efforts have been made to reduce operating expenses but revenues have been declining much faster. The lowest level was reached last summer, and new and less expensive films produced along radically different lines have improved income since then to some extent. Better film releases in January are reported to have improved business in 1933 to date, although December was disappointing.

Fixed Charges Percentage Doubles

One of the chief difficulties of Paramount, as well as of other amusement companies in the present crisis is to get their overhead costs connected with real estate on a workable basis. Before the depression it had been a sort of rule of thumb that a theatre's fixed charges should not amount to more than one-fifth of the gross income, but the declines in gross revenue since 1930 have disturbed this relation to such an extent that Paramount's fixed charges in 1932 were estimated at double that percentage.

Reduced admission prices in many important cities in the United States has increased the comparative seriousness of funded debt of theatre properties. The valuations on which these funded debts were created were determined by the expected income. Fixed charges, therefore, under the new rates are unduly high.

The largest theatres in Canadian cities have followed the plan adopted in New York City by Rockefeller Centre, Roxy Theatre, the Paramount, Capitol, Tivoli and Strand, all important Broadway houses, which have reduced prices to a scale ranging from 25 cents and 35 cents low to 65 and 85 cents high, depending on the time of day.

The theatre and real estate division is the one where it is most difficult to reduce expenses. Even 25 per cent of revenue for overhead was regarded as the danger level some years ago when revenues were a great deal larger. The position at around 40 per cent becomes difficult now. Previous ratios for the Paramount theatres in recent years have been as follows: 1927, 18.69 per cent; 1928, 19.38 per cent; 1929, 19.5 per cent; 1930, 24.13 per cent; 1931, 30.37 per cent; and 1932 estimated at 40 per cent. Lower admission prices, depending on how far they go, make the burden even greater.

Made Great Reductions

It is reported that Paramount reduced all theatre expense in the 50 weeks ended December 10, by $11,988,000 from the previous year, a reduction of 10.66 per cent. Theatre admissions in the same period declined by $24,827,000, or 21.1 per cent.

The tendency was steadily downward from the second week of the year. The improvement since July 23, the natural seasonal low, has been less than seasonal. By September 10, gross was almost equal to expenses, including depreciation and all other charges. And for the whole month cash income exceeded cash outgo considerably. October went back, November recovered, December was disappointing and 1933 is anybody's guess so far. In the 50 weeks of 1932 referred to total admissions were 77.46 per cent of 1931, while total expenses were 87.33 per cent of 1931. Fixed charges were 91.33 per cent of 1931.

SLUMP DEFERS SALE OF ASSETS OF HOME BANK

Municipalities May Get Nil — Pref. Creditors Not All Paid

Present indications are that unless the Dominion Government takes some action, municipalities may not receive anything out of the assets of the defunct Home Bank. Preferred creditors will in time probably receive a little more than the 60 per cent already paid to them, but the present depression and decline in real estate values has halted the process of liquidation of assets of the estate which is under the administration of G. T. Clarkson, of Toronto, and I. E. Weldon, K.C., of Lindsay.

In a recent statement, Mr. Clarkson stated in part as follows as regarding the present condition of the estate:

"When the bank failed preferred claims in the form of notes of the bank and governmental deposits amounted to upwards of $4,000,000. Arrangements were made with the government to defer collection of their claim and over $3,000,000 was immediately borrowed from Canadian banks and a dividend of 25 per cent paid. This meant that over $7,000,000 had to be paid to liquidate the bankers' advances, pay the notes of the bank and meet the government's claim before any further dividend could be distributed.

Realize on Assets

"Steps were immediately taken to realize on the assets of the bank which consisted of those realizable without undue delay and those consisting of real estate, timber limits, and coal mines, which were frozen. The liquidators were unexpectedly successful in collecting the realizable assets and the proceeds of the same as soon as received were applied in repayment of the bankers loans, the payment of the notes and the preferred claims of the governments, while a minor amount had to be used to protect the frozen assets, a certain portion of which consisted of valuable real estate which was mortgaged. Not less than $250,000 still remains to be paid on the government claims.

"In 1929, a full report was made to the court, the minister of finance and the inspectors and it was pointed out that if the frozen assets remaining were to be forced on the market it was open to question as to whether they would produce sufficient to pay a dividend of four per cent to depositors and then probably not within a year and a half or two years, the time which it would take to dispose of such assets.

Effect of Depression

"In the alternative with a more gradual liquidation it was believed that 4 per cent could be paid within a few years and a further equal amount a little later. The inspectors favored a gradual liquidation of assets. For a number of months after such decision was reached the realization of frozen assets was satisfactorily made, proceeds being applied as received to reduce the encumbrances. Later, the depression caused sales of real estate to decline. Now it is almost impossible to dispose of real estate at any price. Success was met with, in disposing of the only timber limits.

"Respecting payment to certain depositors of 25 per cent and 35 per cent, to others 60 per cent, all depositors have been paid the 25 per cent dividend declared directly out of the assets.

"In addition the Dominion government provided certain additional funds for the relief of depositors, but the legislation making such moneys available restricted the class of participants. The relief funds were then distributed under the supervision of commissioners appointed by the government, Hon. Mr. McLean and Hon. Mr. Justice Odette. Where 35 per cent has not been received by any depositor it was because he was not entitled to receive it under statute."

Automobile Production Down 26.3 Per Cent in 1932

Automobile production in Canada in 1932 was 26.3 per cent lower than in the previous year although automobiles made for export, which is included in the total, increased by 4.4 per cent. Total production in 1932 amounted to 60,816 cars, 47,633 of which were made for sale in Canada and 13,183 for export. Of the total 50,731 were passenger vehicles or chassis and 10,085 were commercial cars and trucks.

Imports of automobiles, according to the customs' records, numbered 1,450 vehicles, compared with 8,738 in the previous year while exports numbered 13,022 compared with 14,539 in 1931. By adding imports and deducting exports a figure for consumption is obtained, the total being 49,244 in 1932 and 76,758 in 1931.

TRADE OFFICIAL EXPECTS INCREASE IN TRADE WITH U. K.

A. M. Wiseman, Interviewed in London, Hopeful of Pact Benefits

Cautious optimism as to economic conditions in Canada and great hopefulness regarding the outlook for the Ottawa agreement has been expressed by A. M. Wiseman, British trade commissioner at Toronto, who is now in Great Britain on leave of absence.

According to an outline of his views in the Trade and Engineering Supplement of the London Times, Mr. Wiseman does not disguise the fact that Canada has suffered severely from the trade depression and is likely to suffer for some time yet.

Wheat Price is Key

The low price of wheat is in itself sufficient to affect the Dominion's prosperity as a whole, he is quoted as saying, for it means, of course, lower purchasing power all round. Agriculture, the railways, the pulp and paper companies—all are still feeling the pinch to a marked extent.

"Yet the Canadian, as he surveys the world generally," the Times quotes Mr. Wiseman as saying, "congratulates himself that his own lot is better than that of many other people. Government finance is sound, there have been none of the bank failures which have been so common across the border, and because of the general feeling of confidence thus created there has been neither hoarding of money nor any of those other signs of panic which transform a serious situation into a disastrous one.

"Mr. Wiseman speaks of the Ottawa Agreement in terms of great hopefulness. He has no doubt whatever that if British firms act promptly and with wisdom there are substantial trade rewards to be reaped in Canada.

Motor Vehicle Enquiries

"The ratification of the Agreement has been quickly followed by a marked increase of enquiries from Canadian firms anxious to replace American by British goods. British iron and steel and linen are expected to be in larger demand, and for the first time, with motor-vehicles entitled to enter the Dominion free of duty, there is a prospect of competing successfully in a trade which in the past has been the monopoly of American firms assembling in Canada.

"Naturally there are many difficulties to be overcome in understanding Canada's precise needs and in supplying new types of products which conform to them. In this connection Mr. Wiseman is an enthusiastic advocate of personal visits by heads of firms to the Dominion. This, he is convinced, is the best of all methods, and he states that in very few cases indeed, in spite of the expense involved, is such a step regretted. Although Canadians, he adds, have always been strongly pro-British in sentiment the Ottawa Agreements have given definite stimulus to their desire to buy within the Empire whenever possible."

Shaw and Begg Acquire Control Of Consolidated

Control of Consolidated Fire and Casualty Insurance Co. has been acquired by interests associated with Herbert Begg, president and manager of Shaw and Begg, Ltd. Toronto.

Consolidated Fire was originally established in Montreal in 1913 as the Merchants' and Employers' Guarantee and Accident Co. and limited its activities to Quebec province for many years. In 1930, the head office was changed to Toronto and in 1931 the name was changed to the present one. In 1930, the company absorbed the Premier Guarantee and Accident Insurance Co., the two companies being merged under the one name.

Under the present reorganization Hon. H. C. Scholfield, M.P.P. has been elected president. The remainder of the executive is as follows: P. R. Gardiner, Toronto, first vice-pres.; C. H. Dessault, K.C., Montreal, second vice-pres.; Herbert Begg, managing-director; W. S. Morden, K.C., W. H. Mara, W. R. Begg, E. B. Stockdale, George McNamara, all of Toronto, Joseph M. Pigott, Hamilton, and D. S. Thomson, Montreal, directors.

W. B. Coatts, managing-director of the old company, will continue as manager of the new concern; H. L. Kearne, casualty manager of Shaw and Begg, Ltd., is secretary; and J. G. Hutchinson, secretary-treasurer of Shaw and Begg, Ltd., treasurer. W. H. Buscombe and George A. Gordon will be assistant secretaries.

It is stated that the new management will take over the staff of the company in both Montreal and Toronto.

Women Will Do As They Please

Last week Arthur Lowe started an argument that women's fashions are uglier than they've been for twenty years. This week Mary Lowry Ross answers his criticism of the current fashion vogue—and her retort is just as direct as the title suggests. Be sure to read this entertaining article.

"With Apologies to Gordon Sinclair"

Our Wandering Reporter, Arthur Lowe, visits Orillia this week and writes a smart, crackling satire on a famed globe-trotting journalist.

Among the Other Good Features

You'll find articles, criticisms and reviews of all the best in entertainment, recreation and current topics. These are especially recommended—

JESSICA DRAGONETTE
An exclusive portrait of this Australian-born prima donna of the air.

THE SHORT WAVE
What does it mean to the ordinary radio listener to possess short wave equipment? What is the present status of the short wave? What are its limitations and potentialities? James Montagnes, a student of wireless answers these questions in simple language.

RADIO PERSONALITIES
A page of radio personalities, including two Canadians.

MOTION PICTURE PREVIEWS
Arthur de Severance discovers another high-grade British picture—"Mischief."

MADAM DE KRESZ
An absorbing story of an Englishwoman, resident in Toronto; an appreciation of genius in the background of a busy Canadian city. Her eventful career in music and the arts extending over three continents. Told by Raymond Mullens.

AS I WAS JUST SAYING
Raymond Mullens makes more pungent comments on things of the radio and music.

MARITIME MICROPHONICS
Sidelights on radio and entertainment in the Eastern Provinces—by Douglas MacLennan.

CONTRACT BRIDGE
Ernest Farmer continues his discussion of the twelve worst plays.

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Frederick Edwards sums up Montreal.

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Canada Trust Company Stock	1,560,485.00
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Real estate on hand	304,444.30
(Equal to only 4/5 of 1% of entire mortgage holdings.)	
The assets of the People's Loan and Savings Corporation are held as security for the amount owing to The Huron & Erie	1,052,191.76
	$47,028,715.48

The Huron & Erie owes:

To savings depositors	$ 9,327,304.29
To owners of Huron & Erie trustee debentures	29,711,076.12
To shareholders for dividend payable Jan. 3, 1933	100,000.00
	$39,138,380.41

Surplus security

If from what we own	$47,028,715.48
—you deduct the amount we owe	39,138,380.41
—it is clear that The Huron & Erie can repay to its customers every dollar of their money and still have a surplus of	$ 7,890,335.07

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OTTAWA PLANS TARIFF MOVES IN BUDGET

Twenty or More Changes Forecast for Coming Session

CHANGE DUMP LAW

New Ruling Expected to Clear Up Loophole of Present Statute — Increases Expected

From Our Own Correspondent

OTTAWA.—Twenty or more tariff changes will feature the next budget.

Hon. E. N. Rhodes, Minister of Finance, is at present working on the year's tariff revision and, moreover, the National Revenue Department will come forward with an amendment to the Customs Act which will have an important effect upon imports of British goods.

Detail of the tariff changes is difficult to obtain partly because such matters are held a close secret into which the cabinet itself is usually not initiated until a few days prior to the delivery of the budget and partly because the revision, as yet, has only been decided upon in outline.

Increases Coming

There will be four or five important increases in tariff, all of them under the intermediate and general tariffs. There will be no increase of tariff against Britain. For one thing, the Anglo-Canadian treaty forbids increases against Britain prior to full investigation by the Tariff Board and, for another, the present policy seems to be in the direction of reducing tariffs on British goods.

It is well known, at the capital, that there is a good deal of cabinet discord in regard to the enforcement of the British preferential tariff. Many ministers believe existing protection against British goods is too high and others contend that the reclassification carried out by Hon. E. B. Ryckman in the past two months has been injurious to British trade. For these reasons any move at Ottawa to increase the preferential tariff, before or after the creation of the Tariff Board, is not to be expected.

New Dump Ruling

The Customs Act amendment to be brought down by the National Revenue Department will concern the application of the exchange dump duty. The sterling exchange order-in-council passed in the fall of 1931 shortly after Britain abandoned the gold standard, stipulated that all British goods entering Canada must be paid for on the basis of $4.40 to the pound. If the value of the pound, actually, was lower—as it is today when quotations are about $3.80—the difference between the actual quotation and $4.40 was to be an exchange dump duty.

Unfortunately the department has had no clearly thought out method of enforcing this order, and various changes of administrative policy have caused acute annoyance to large importing houses.

Original Plan

At the outset it was commonly presumed that importers must pay the dump duty as a tax to the national treasury. Subsequently the department issued circular letters informing importers that, provided the price charged by the British exporter was $4.40, there would be no dump. The object, apparently, was to fix a minimum price on British goods of $4.40 to the pound.

This is clearly proved by these letters which were given a wide circulation in Canada and the vital paragraph of which read: "The requirements of the order-in-council are complied with when the importer remits to the exporter in payment for the imported goods an amount equal to $4.40 for each pound sterling of the fair market value."

Subsidiary Formed

Within a few weeks of the issuance of this letter, several large importers got together and organized a British subsidiary. This subsidiary did the purchasing in Britain, paying British manufacturers at the going rate of exchange. The subsidiary then forwarded to Canada quoting $4.40 per pound sterling. What would ordinarily be the exchange dump duty automatically became the profit of the subsidiary.

The National Revenue Department promptly stepped in and placed a lien upon such goods, contending that the law was being evaded. Litigation is now impending.

A new ruling was made and this ruling was to the effect that the dump duty must be paid to the treasury unless the British manufacturer quoted $4.40. If the exchange profit went to the manufacturer there was no complaint from Ottawa; if a Canadian subsidiary pocketed it, there was.

Must Pay Treasury

Clarification of the whole matter became essential, and it is believed the department has now decided that the proper course is to compel the exchange dump to be paid into the treasury.

It is understood an amendment along this line will be brought forward. But, in the meantime, the department appears to have decided to attempt to collect the dump in bygone cases when importers acted upon such departmental rulings as the circular letter just quoted. This decision is causing worry to importers, many of whom are in danger of having to pay the dump duty twice—once to the British manufacturer and again to the treasury.

Singapore Textiles

After giving the problem of Singapore textiles very careful consideration the government, it is understood, has concluded that no action can be taken, without violating the Ottawa agreements, to impose higher duties thereon.

About the only way these textiles could be excluded from Canada is by raising the British content essential for qualification to the preference to a much higher point than is the case today—the current content requirement is 50 per cent.

Future Newfoundland Cod Depends on Foreign Sales

Study of Markets Abroad Essential — Fish Must be Better Cured — Scientific Study Valuable

By GEORGE WHITELY, Jr.
Fishery Research Commission, Newfoundland

It is obvious that the future of the cod fishery of Newfoundland depends in part upon future general business conditions in Italy, Spain, Greece, Brazil and the West Indies. For in these markets the biggest proportion of Newfoundland's salt cod is sold. Its future will also be influenced by what policies these countries—especially the Mediterranean ones—are going to pursue in the way of encouraging the use of steam trawlers that will catch their own fish, to employ and feed their own people. There has always been a small fleet of Spanish trawlers and Portuguese sailing vessels fishing off the Newfoundland grand banks. But during the past year or two, there has been growing in the Mediterranean countries a form of national consciousness which urges them to do more for themselves in the way of supplying commodities. Only some months ago two super-trawlers were built in Italy for just this purpose. How vigorously the policy will be pushed time will tell.

Fixed Factors

The specific factors mentioned above, whose interplay will influence the European consumers' market, may be regarded as variable factors, over which the Newfoundland producer has no control. There are certain fixed factors, however, which the producer must recognize and control, or at least make greater efforts to control than he is doing at present.

It seems to me the first factor is producing something that somebody else will buy, and will want to buy so much, that the selling price will pay the producer. The idea seems to have grown in Newfoundland that the fish business is so important to the rest of the world, that it will continue as such indefinitely, regardless of changing conditions. There is a group in Newfoundland who have always felt that whatever happened to the cod fishery the merchants were the cause of the trouble; too slim a margin between cost of production and selling price. The lot of the marginal producer anywhere is rarely comfortable; in Newfoundland it is comparative poverty and in periods of business depression only a bare existence. The fishermen do all the work, this group says, and in return all they can get from the merchant is barely enough to keep body and soul together.

Fisherman in Debt

The ordinary fisherman cannot avoid becoming indebted to the merchant to furnish himself with supplies and fishing gear; so even in the good years very little capital is set aside to assure future independence, and it is amazing how easily one gets further into debt. The merchant makes this step much easier by overcharging. At least, that is what the fisherman believes.

Then there is another group who have ill-concealed contempt for the fisherman and his primitive methods and for the whole system of catching codfish. The fishermen, they say, catch the fish and then straightway begin to ill use it without a thought as to its future suitability as a food. The merchant, who supplied the fishermen and gave them credit, has to take the fish, good or bad, lest he get no return whatever for his advances. This fish, then, of no special quality has to be sold in some foreign market. The thing to do is to hurry the catch off the market with quick dispatch and trust to luck to its finding a sale. With a cargo on its way, some fish dry, some not, the busy merchant heaves a sigh of relief and lays about him to collect more debts and to gather in more fish of doubtful quality.

Better Fish Wanted

There are some things, however, that the average merchant would really like improved. He would like the fishermen to make better fish. Indeed, he has asked for it repeatedly but the response is always disappointing. He cannot see why. He would also like to devise a way of preventing his competitors from receiving in the European market more for their fish than he receives for his.

For about 50 years this plaintive cry for help has been re-echoing among the Newfoundland hills. Undoubtedly the fish business needs attending to. Both merchant and fisherman agree on that point. But neither has made much headway in rectifying the errors which each declare are so glaringly evident. As groups, neither appears to have the organizing ability, the imagination, the faith, or the balanced integrity to undertake the exacting task of converting the Newfoundland fishing industry into a smoothly running machine.

In the first place, the fish business throughout the world does not especially lend itself to economic management. The distance between producer and consumer is usually great, and fish is a very perishable food. Large scale production, so necessary to avoid irregularity of supply, carries with it a huge overhead. The percentage of fixed expense is excessive, while annual replacement charges, even for a small fishing concern, are very high indeed. In Newfoundland the fish business is the "big business." More are engaged in it and are affected by it than by any other branch of commerce.

Fishermen Not Independent

The majority of the fishermen are not independent. They rely for employment upon some more vigorous man in their village, who in turn depends on some one else; either on one of the larger established businesses or on some person a little bigger than himself who is finally backed by the established house. The Canadian banks are the last step in this dovetailed pattern. They advance credit to the larger firms.

At no time does the thought occur to the fisherman, that his slim livelihood really depends on whether some foreigner across the sea continues to like salt cod. The merchants and exporters are as much to blame as the fishermen, in failing to impress fishermen that they are handling a food. Not that the exporters have wholly neglected their duties. Contrary to an increasing public opinion, the fish exporters are not all fools. Those who have been in the business for over 10 years surely know something of what they are doing. But it is certainly true, that in their eagerness for increased business, the exporters have rather lost sight of some marketing fundamentals.

Curing Stations Suggested

While there may be no "best way" of solving the problem of a better cured fish, there is one way at least. That is by encouraging more and more fish to be "made" at large fish-curing stations under stricter supervision. It is difficult for the fishermen to produce the best grade because they haven't the means of handling it properly. Less dependence will have to be placed on natural drying. Inexpensive mechanical fish dryers, could easily be part of the larger curing-stations equipment. They have no elaborate fittings and do not require sources of power not easily obtainable in most outports.

The Newfoundland climate, while pleasant enough to live with, makes successful natural fish drying an irregular and haphazard process. The sunny season is short, the moisture content of the air never below ½ to ¾ saturation. These physical limitations have been too long a hindrance in the preparation of first class salt cod.

Standardization Essential

The future of Newfoundland's fishery must be based on a standard brand of fish. The standard of the Labrador catch, especially, needs to be raised. There seems nothing for it but government legislation. Unfortunately previous legislation in fishery matters has not been a success in Newfoundland. But now, in this major crisis, if government, fisherman and exporter can't devise a form of legislation to ensure standard methods of cure and inspection and controlled marketing, then it will be a sorry day for Newfoundland.

Effective control is certainly possible. A live wire chairman assisted by an active board of trade committee should be able to handle all supervision arrangements and at least market the catch of Labrador cod. The challenge is to find the right men.

Alternative to Legislation

However, there might be for Newfoundland a possible alternative to complete legislative control. That would be, by having a keen vigorous organizer attached, let us say, to fisheries. His chief responsibility would be to induce individual exporters to work together with respect to regulating shipments to the foreign markets and to stabilizing buying prices of fish products within the colony. Indeed, the ideal appointee would need to know so much, and possess such faultless perspicacity and tact, that one questions whether such a man could be found.

Assuming that definite laws governing the improvement of cure are enacted, governmental interference with private enterprise might stop at that. The fisheries director, or whatever the title would be, would then have to finish the job. His would be to prevent the inevitable knots of misunderstanding from tangling up the whole fabric. In the history of European fisheries any country whose fish products have enjoyed continued preference, invariably prepared such products subject to scrupulous supervision and inspection.

Iceland's Experience

Not long after the beginning of the present century, Iceland began to reorganize her fisheries. The former despotic credit régime of the older Danish merchants was successfully challenged by co-operative societies doing a cash business. Compulsory grading and classification of all fish for export were made law by the Icelandic parliament. Fishermen were instructed concerning the function of savings banks and were urged to supplement their fishing gear with improved devices.

As a result the catch gradually increased and moreover, there was a distinct improvement in the cure. Prices advanced and sales mounted. The foreign buyer is apparently so assured of the quality bargained for, that at present 80 per cent of fish annually shipped is paid for in London against bills of lading endorsed with certificates of quality sworn to by the official sorters.

Catch Increased

The Icelandic catch of cod in 1900 was approximately 277,579 quintals; in 1910, 440,000 quintals; in 1914, 482,000 quintals; in 1918, 458,000 quintals; and in 1930 was 1,475,000 quintals. This is a remarkable increase in production. But that this increased quantity is readily absorbed by the Mediterranean market is still more remarkable. This is mainly due to the Icelandic policy of taking greater care to supply what the individual markets need.

Competition has not at all relaxed. Cost of production in Iceland is not appreciably lower than in Newfoundland; indeed, it may even be higher for steam-trawler-caught fish. True in 1921, Icelandic preference was strengthened by an ill-considered policy of the Newfoundland Government which attempted to fix the selling price of cod without holding even a partial monopoly of the market.

The market was offering something like 65s. a quintal; a price which would have yielded the Newfoundland exporters a profit. But they were forbidden by law to sell for less than 76s. Iceland and Norway immediately filled the requirements, and they have been filling the bulk of them ever since.

Exports Vary Little

In the last 63 years, the least amount exported by Newfoundland was 1,034,101 quintals, in the year 1877; the greatest amount 1,821,206 quintals in 1918. The average annual export for this period is approximately 1,300,000 quintals. Since 1809, the annual export of dried cod has been either very close to or somewhat more than one million quintals. So that, for 120 years, there has been no marked decrease or increase in production.

Since 1860 the average price paid to fishermen in Newfoundland is shown as follows:

Average Price Received by Newfoundland Fishermen for Cod

Years	Per Quintal
1860-1900	$3.20
1901-1910	3.90
1911-1920	7.00
1921-1930	5.90
1931-1932	1.80

We have seen that the amount of cod produced in Newfoundland has not definitely increased for over 100 years. This actually points to a marked decrease in demand. And while cost of production has very definitely increased by as much as 45 per cent according to some records, there has been no sustained advance in selling price.

Competitive Foods

The increasing varieties of food from which the modern consumer may choose, do not tend to increase the sales appeal of salt cod fish. And these foods are slowly spreading to the foreign rural markets where most of Newfoundland's fish produce finds a buyer.

The industry as it is carried on in Newfoundland today, cannot increase production without such an increase in production costs that would make the attempt unprofitable. Only by curing or processing the fish in some manner to enable it to sell in an improved form at a much higher price, could the industry as a whole become more remunerative. For Newfoundland to hope to do this is to expect a great deal. Undoubtedly, as time goes on, more brine-frozen sea food will be eaten in Canada and United States. The modern trend is toward light, non-fattening but sustaining foods. As part of such a diet fish finds high favor.

Better Quality Desirable

One way to revive declining sales is to try and make Newfoundland fish products the highest average quality than can be produced under existing conditions, either natural or artificial. This of course, implies a definite "consumer-consciousness" and a persistent willing effort toward perfection of cure, on the part of both exporter and fisherman. And only a specially organized programme based on sound scientific and business principles, and aggressively carried out, will make any impression on the apathetic natures of either those who catch the fish or those who sell it.

The familiar cycle that new and better products make new customers and greater demand and better prices does not run its true course in the case of Newfoundland salt cod. The bulk of the European fish is sold through brokers and although their desire presumably is to secure a good return for their clients, to make a sale is the predominant motive. This introduces an element of harmful competition. Shipments of Newfoundland fish may be persistently competing with each other as well as with Icelandic or Norwegian exports.

Moreover as often as not, the price paid to the Newfoundland exporter has no relation whatever to the buying price paid by the Spanish or Italian consumer. This is certainly not good business. More attention must be given to the consumer whatever his standard of living may be, no matter how much he is hedged in and circumscribed by brokers and retailers.

Research Programme Started

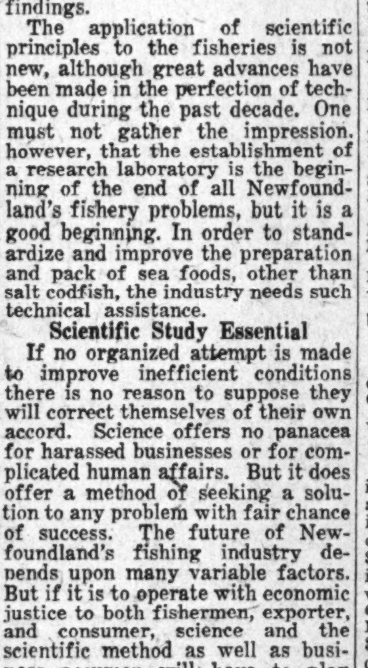
In May, 1931, aided by the cooperation of the Empire Marketing Board, Newfoundland began a programme of marine research. A laboratory was set up at Bay Bulls, a fishing village some 20 miles from St. John's and a small staff of investigators began work. The programme calls for a five-year period of research. This will include a biological investigation of the life-histories, fluctuations and movements of the principal fishes of Newfoundland, and also a technical investigation into the existing methods of processing and curing these sea foods. Attempts will be made to improve these methods, where possible, in the light of recent biological and technological findings.

The application of scientific principles to the fisheries is not new, although great advances have been made in the perfection of technique during the past decade. One must not gather the impression, however, that the establishment of a research laboratory is the beginning of the end of all Newfoundland's fishery problems, but it is a good beginning. In order to standardize and improve the preparation and pack of sea foods, other than salt codfish, the industry needs such technical assistance.

Scientific Study Essential

If no organized attempt is made to improve inefficient conditions there is no reason to suppose they will correct themselves of their own accord. Science offers no panacea for harassed businesses or for complicated human affairs. But it does offer a method of seeking a solution to any problem with fair chance of success. The future of Newfoundland's fishing industry depends upon many variable factors. But if it is to operate with economic justice to both fishermen, exporter, and consumer, science and the scientific method as well as business accumen will have to play their several parts.

Mutual Life Leader



J. M. HEALE

Manager of the Toronto agency of the Mutual Life of Canada, which produced the largest volume of business of any Mutual agency in Canada in 1932. The total exceeds even the peak figure of 1929. For 10 months out of 12 this agency also held the best record for conservation of existing business.

PULP AND PAPER TRADE DECLINES BY $36,000,000

Lower Value and Demand for Newsprint Main Cause of Drop

From Our Own Correspondent

MONTREAL. — Canada's pulp and paper trade declined nearly $36,000,000 in value during 1932, according to the Bureau of Statistics' returns, which show the value of exports in 1932 at $105,343,703 compared to $141,170,525 in 1931.

The sharp drop in the value of newsprint, together with a falling off in demand, were largely instrumental for the decline in pulp and paper trade during the past year. The value of newsprint shipments dropped from $107,233,013 in 1931 to $83,066,199 in 1932. Other grades of paper exported had a value last year of $3,357,540, or about $525,000 less than in the previous year.

Pulp Trade Weakens

Pulp shipments last year were valued at $18,920,064. This compared with $30,056,643 in 1931. Examination of the returns show a decline in the value of sulphate pulp shipments from $3,617,444 to $2,318,760 in 1932.

Bleached sulphite pulp exports had a value last year of $11,181,623, or roughly $5,000,000 less than in the previous twelve months.

Unbleached sulphite pulp shipments recorded the greatest percentage loss, the value of exports in 1932 being $2,596,647, compared with $5,109,732 in 1931.

Mechanical pulp shipments reflected the decline in the production of lower grades of paper, shipments in 1932 having a value of $2,562,089, down from $4,616,167 in 1931.

Exports of screenings were valued at $77,937 last year as against $224,434 in 1931, while other pulp shipments dropped in value from $178,909 to $82,978 in 1932.

Details of Returns

Comparative figures of pulp and paper trade in 1932 and 1931 follow:

	1932	1931
Paper		
Newsprint	$ 83,066,199	$107,233,012
Others	3,357,540	3,880,870
Total	86,423,739	111,113,882
Pulp:		
Sulphate	2,318,760	3,617,444
Sulphite (bl.)	11,181,623	16,282,785
Sulphite (unbl.)	2,596,647	5,109,732
Mechanical	2,562,089	4,616,167
Screenings	77,937	224,434
N. O. P.	82,978	178,909
Total	18,920,064	30,056,643
Total P. & P.	105,343,703	141,170,525

WINDSOR HOTEL COVERS INTEREST BEFORE CHARGES

Deficit of $141,434 Shown After Payment of Dividends

From Our Own Correspondent

MONTREAL.—Net earnings of Windsor Hotel Ltd. in 1932 amounted to $205,402 compared with $439,626 in the previous year. Interest requirements were $198,087 and after provision of $100,000 for depreciation, there remained a net deficit of $92,684 compared with a net profit of $135,523 in 1931.

During the year, preferred dividends now suspended, totalled $48,750 or $2.43 a share and deficit for the year was $141,434 against a deficit in 1931, after a full year's dividends, of $8,290.

Profit and Loss Figures

Following is a comparison of profit and loss accounts for the past two years:

	1932 $	1931 $
Net earn.	205,402	439,626
Deduct:		
Bond interest	198,087	204,103
Depreciation	100,000	100,000
Net profit	d92,684	135,523
Pfd. divid.	48,750	143,813
Surplus	d141,434	d8,290
Prev. surp.	364,735	376,903
Balance	223,301	368,612
Deduction	a678	b3,877
P. & L. bal.	222,623	364,735

d—Deficit. a—Sinking fund adjustment. b—Premium bonds redeemed.

Working Capital

	1932 $	1931 $
Current assets	804,201	930,390
Curr. liabilities	190,085	177,489
Working capital	614,115	752,901

Investments Depreciate

A sharp decline in market value of investments is a feature of the balance sheet. The company carried its investments including $150,000 of its own bonds at $655,675 compared with $758,174 in the previous year, but it is explained that approximate market value at the end of 1932 was $291,732. Cash is down $17,000 at $35,630. Property account is now shown at $6,007,977, a figure which includes depreciation reserve of $750,166.

In liabilities, accounts payable are up $15,000 at $90,399. During the year there were redeemed $71,700 of first mortgage bonds leaving outstanding $2,094,600 and $22,600 of refunding mortgage bonds were also redeemed leaving outstanding $1,032,300. Reserve for depreciation has been transferred to the asset side of the ledger; formerly this stood at $650,167.

Remarks to Shareholders

In his remarks to shareholders, Hon. J. M. Wilson, president of the company, said in part:

"It could not be expected that the hotel industry would escape the effect of the pronounced curtailment in general business activity, and this was reflected in a sharp contraction of tourist and convention business. Economies in operation, however, were effected wherever possible without impairing the standard of service and strict adherence to the company's policy of maintaining plant and equipment in a high state of efficiency was observed."

American Publishers Buy Less European Newsprint

From Our Own Correspondent

MONTREAL.—Imports of European newsprint into the United States for the first eleven months of 1932, according to figures prepared by the News Print Service Bureau, amounted to 136,056 tons compared to 139,937 tons for the same period of 1931. Imports from Finland amounted to 43,423 tons, as against 44,733 tons in 1933; Germany, 13,589 tons, down from 20,075 tons in 1931; Norway, 21,094 tons, up from 13,181 tons; Sweden, 56,653 tons, down from 61,913; and other countries 1,297 tons, up from 35 tons.

Valuable Data Coming Soon On Unemployed

From Our Own Correspondent

OTTAWA.—In the near future the Bureau of statistics will issue a report containing detailed information upon unemployment as it existed in June, 1931, when the decennial census was taken.

For the past six weeks the Bureau has been concentrating on this work, believing that the facts which the report would disclose might be of signal service to the Dominion-Provincial conference. That belief was unfounded, but the report will shortly be printed and given general circulation.

The statisticians of the Bureau have taken the 1931 census reports and collated the facts in several forms. Unemployment is shown according to sections of the country and according to the duration of unemployment. It is shown according to industries and according to age groups and sex.

December Steel Output Above Dec., 1931, Total

Production of steel ingots and direct steel castings in Canada amounted to 30,755 tons in December as against 37,088 tons in the preceding month, and 21,000 tons in December, 1931. The drop in December is mostly in the ingot trade made for the further use of the producing companies which declined to 29,986 tons from 36,279 tons while castings were also slightly lower at 769 tons as compared with 809 tons in November.

Cumulative output for 1932 totalled 342,788 tons compared with 672,019 tons in 1931, a decrease of 49.1 per cent, and the lowest figure recorded since 1904. Tonnage for 1932 included 312,360 tons of basic steel ingots, 19,213 tons of electric steel ingots, 2,833 tons of basic castings, 869 tons of converter castings and 7,518 tons of electric castings.

December Iron Output Highest During Year

December was the high month of the year in the primary iron industry, production for the month totalling 27,031 long tons. This total exceeded that of November by 91 per cent and was 90 per cent greater than the December, 1931, total. Output for December included 22,842 tons of basic iron and 4,189 tons of foundry iron.

Production in 1932 aggregated 144,130 tons as compared with 420,038 tons and 747,178 tons respectively in 1931 and 1930. Production started in January, 1932, at 10,000 tons and rose to 18,000 tons in March. A minor setback occurred in April and again in May after which output dropped to around 6,500 tons and remained at that level until November when 14,000 tons were made.

On December 1, 1932, one 450-ton furnace was blown in at Sault Ste. Marie, Ont., with the result that 2 furnaces in Canada were in blast on December 31. These active furnaces had a capacity of 1,000 long tons a day, or about 24 per cent of the total capacity of all blast furnaces in Canada.

30 Per Cent Fewer Cars Financed During 1932

Total new and used cars financed in Canada in 1932 numbered 69,264 compared with 98,623 financed in 1931, a decrease of 29.8 per cent. The amount of financing showed a greater percentage decline, however, being $25,853,909 compared with $41,941,254, a decrease of 38.4 per cent.

While the financing of new cars and trucks showed a greater decline in value than in volume this decline was not as large as in the case of used cars. New cars and trucks financed numbered 21,287, a decrease of 37.4 per cent from the previous year, while the amount financed, $12,736,918, was 39.0 per cent less than in 1931. In the case of used cars, however, the number at 47,977 declined only 25.8 per cent while the amount, which totalled $13,116,991, was down 37.8 per cent.

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Basic facts about the
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. . . 86th Year

ALL authorities agree that safety for a life assurance company lies in wide diversification of its assets.

Policyholders and beneficiaries of the Canada Life remain confident and secure, during periodic financial disturbances, in the knowledge that the Company's well diversified list of investments takes care of such situations.

Canada Life Assets

	% of Total Ledger Assets
Cash, Government and Municipal Bonds, Canada, United States and Great Britain	28.1%
Other Government Bonds	.6
Public Utility Bonds	10.3
Railroad Bonds	1.2
Newsprint Company Bonds	.9
Realty Company Bonds	1.6
Other Corporation Bonds	1.0
Preferred and Guaranteed Stocks	2.3
Stocks of Canadian Banks and Trust Companies	1.6
Other Common Stocks	.2
Mortgages	27.9
Policy Loans	18.3
Real Estate (including the Company's Buildings)	5.1
	100.0%

TOTAL ASSETS—$216,886,246

Canada Life Progress Through the Years

	1912	1922	1932
Total Business in Force	$144,877,970	$360,981,195	$926,389,982
Total Premium Income	5,153,994	13,300,382	37,075,176
Total Income from all Sources	7,396,759	17,990,152	50,130,443
Net Surplus Earned	1,530,667	2,694,663	6,118,678
Payments to Policyholders and Beneficiaries	2,462,964	7,767,673	29,252,911
Assets for Protection of Policyholders	48,301,523	86,654,497	216,886,246

Total Assets have increased during the year by $12,110,227

Government, Government Guaranteed and Municipal Bonds have increased during the year by $14,995,119

The ratio of expense to total income showed a satisfactory decrease in 1932.
The Company is again able to report a ratio of mortality more favorable than was expected and lower than in the previous year.

A Copy of Report Booklet with list of Securities will be gladly sent upon request

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E. R. Wood, LL.D. Vice-President
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WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto and Curb Markets

WEEK ENDING JANUARY 23

Range 1932-33 High	Low	Divd. Rate in $	Yield in % Jan. 21	Stock	Sales	Close Jan. 16 (or last)	Week Ending Jan. 23 High	Low	Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

x Quotations for 1931. No sales recorded in 1932-33 to date.
b New York Quotations.
‡ Quotations for 1930.
¶ Plus 20c. extra paid Dec. 1.
§ Stock dividend.
‖ On account of arrears covering quarter ended Mar. 31, 1932.

Active Unlisted Bonds

(Furnished by A. J. Pattison, Jr. & Co., Limited)
January 24, 1933

	Bid	Asked
Industrial Bonds:		
Abitibi P. & P. 5% 1953	16.00	17.00
Acadia Sugar 6% 1946	84.00	87.00
Alta. Pac. Grain 6% 1946	72.00	74.00
American Sales Book 6% 1939	105.00	....
Arnold Bros. 6% 1947	25.00	35.00
B. A. Oil 5% 1945	85.00	88.00
Can. Biscuit 6½% 1946	20.00	25.00
Can. Bread 6% 1941	82.00	85.00
Can. Cement 5½% 1947	67.00	70.00
Can. Steamship 6% 1941	20.00	23.00
Can. Bakeries 6½% 1945	50.00	60.00
Can. Canners 6% 1950	80.00	82.50
Can. Copper Refin. 6% 1945	97.00	100.00
Can. Cottons 5% 1940	82.00	85.00
Can. Vickers 6% 1947	62.00	65.00
Cons. Invest. 4½% 1959	35.00	37.50
Cosmos Imp. Mills 6½% 1944	80.00	85.00
Davies, Wm. 6% 1942	86.00	90.00
Debenture & Sec. 4% 1936	53.00	56.00
Dom. Manufacturers 6% 1933	95.00	....
Dom. Tar & Chemical 6% 1949	58.00	60.00
Dom. Telegraph 5½% 1978 "A"	86.00	87.50
Dom. Textile 6% 1949	98.00	100.00
Dom. Woollens 6% 1948	11.00	13.00
Donnacona Paper 5½% 1948	15.00	18.00
Eaton Realty 5% 1949	79.00	81.00
Famous Players 6% 1948	67.00	70.00
Famous Players 6½% 1948	47.00	49.00
Federal Grain 6% 1949	72.00	74.00
Fraser Cos. 6% 1932	10.00	....
Fraser Cos. 6% 1950	10.00	....
Galt Brass 7½% 1941	....	30.00
Goodyear Cotton 6% 1949	97.00	....
Great Lakes Paper 6% 1950	16.00	18.00
Gypsum, Lime & Alab. 5½% 1948	40.00	42.50
Harris Abattoir 6% 1947	87.00	89.00
Howard Smith 5½% 1953	54.00	56.00
Loew's Toronto 6% Serial	99.00	....
London Realty 6½% 1950	40.00	45.00
Maple Leaf Milling 5½% 1949	....	43.00
Massey-Harris 5% 1947	54.00	....
McColl-Frontenac 6% 1949	84.00	86.00
McKinnon Industries 6½% 1945	93.00	97.00
Mercury Mills 5½% 1953	....	40.00
Metropolitan Bldg. 7% 1944	88.00	....
Nor. Ont. Bldg. 6½% 1939	68.00	72.00
Price Bros. 6% 1943	28.00	30.00
Richmond Bay 6½% 1947	62.50	68.00
Rolland Paper 5½% 1948	73.00	75.00
Simpsons Ltd. 5½% 1949	52.00	55.00
Simpsons Ltd. 6% 1949	56.00	58.00
Steel of Canada 6% 1940	103.00	106.00
Toronto Carpet 6% 1944	75.00	80.00
United Gas & Fuel 5½% 1948	51.00	55.00
United Grain Growers 5% 1948	71.00	73.00
United Grain Growers 5½% 1949	73.00	75.00
Western Grain 6% 1949	59.00	63.00
Public Utility Bonds:		
Bell Telephone 5% 1955	113.00	115.00
Bell Telephone 5% 1957	113.00	115.00
B. C. Power 5½% 1960	83.00	85.50
B. C. Telephone 5% 1960	91.00	94.00
Calgary Power 5% 1960	80.00	82.00
Can. Northern Pwr. 5% 1953	77.00	80.00
Duke Price Pwr. 6% 1966	57.00	62.00
Elect. Develop. 5% 1933	113.00	116.00
French Natl. Mail SS 6% 1952	120.00	125.00
Gatineau Pwr. 6% 1941 "A"	58.50	61.00
Gatineau Pwr. 5% 1956	78.50	81.00
Maclaren Quebec 5½% 1961	77.50	78.50
Manitoba Power 5½% 1951	47.00	53.00
Montreal Isl. Pwr. 5½% 1957	102.00	103.00
Montreal LH&P 5% 1951	108.50	110.00
Montreal LH&P 5% 1970	107.75	109.00
Montreal Tram 5% 1941 July	97.75	98.50
Montreal Tram 5% 1955	79.75	80.75
Northwest. Utilities 7% 1938	90.00	95.00
Ottawa Valley Pwr. 5½% 1970	97.50	99.00
Quebec Power 5% 1968	94.50	96.00
Rio Tramways 5% 1935	87.00	....
Shawinigan W&P 4½% 1970	70.00	72.00
Shawinigan W&P 5% 1970	79.00	81.00
Shawinigan W&P 6% 1937	87.50	90.00
Southern Can. Pwr. 5% 1955	96.00	97.50
West Kootenay Pwr. 5% 1956	91.00	92.50
Government, Provincial & Railway Bonds:		
C.N.R. 4½% 1951 Dom. Gtd.	99.25	99.75
C.N.R. 4½% 1957 Dom. Gtd.	99.50	100.00
C.N.R. 5% 1969 Dom. Gtd.	105.50	105.75
C.P.R. 4½% 1944	79.00	80.00
C.P.R. 5% 1954	92.50	95.00
Dom. of Can. 5% 1936	103.25	103.75
Dom. of Can. 5% 1941	103.75	104.00
G.T.P. 3% 1962 Dom. Gtd.	79.25	80.00
G.T.P. 4% 1962 Dom. Gtd.	92.25	94.00
Ont. Hydro 3½%, 4%, 5%, 1952 Ont. Gtd.	91.00	91.75
Ont. Hydro 4¾% 1970 Ont. Gtd.	99.00	99.75
Ont. Hydro 4% 1957 Ont. Gtd.	91.50	92.50
Prov. of N. B. 5½% 1950	103.75	104.25
Prov. of Ont. 4½% 1944	102.75	103.50
Prov. of Ont. 5% 1948	103.50	104.00
Prov. of Ont. 5½% 1947	107.25	108.25

Dividends Declared

	Annual rate	Amt. this payment	Date payable	Date of record
Acme Farmers Dairy, pref.	7%	3½%	Feb. 10	Jan. 31
Agnew Surpass, pref.	7%	1¾%	Apr 1	Mar. 15
Alberta Wood Preserving, pfd.	7$	$1.75	Jan. 3	Dec. 22
Beatty Bros. 1st pfd.	$6	$1.50	Feb. 1	Jan. 15
Belding-Corticelli, c.	7%	1¾%	Feb. 1	Jan. 14
Bank of Montreal	10%	2½%	Mar. 1	Jan. 31
Bank of Toronto	10%	2½%	Mar. 1	Feb. 15
Canadian Dredge	...	$1	Feb. 1	Jan. 16
Do., pref.	7%	1¾%	Feb. 1	Jan. 16
Can. Bronze	$1.25	31¼c	Feb. 1	Jan. 20
Do., pref.	7%	1¾%	Feb. 1	Jan. 20
Can. Industries com. "A"	$3.50	87½c	Jan. 31	Dec. 31
Do., com. "B"	$3.50	87½c	Jan. 31	Dec. 31
Calgary Power pref.	6%	1½%	Feb 1	Jan. 14
Cons. Min. & Smelting	...	*10%	Feb. 1	Jan. 12
Can. Converters	$2	50c	Feb. 15	Jan. 31
Community Trusts	$2.50	62½c	Jan. 15	Jan. 1
Continental Life 20% pd.	$2	$2	Jan. 15	Jan. 12
Crown Life Assur.	6%	6%	Jan. 19	Jan. 18
Can. Bank of Commerce	10%	2½%	Mar. 1	Jan. 31
Can. Investors	40c	10c	Feb. 1	Jan. 14
Dom. Scottish Invest. pfd.	$1	25c	Feb. 1	Jan. 20
Dominion Bridge	$2	50c	Feb. 15	Jan. 31
Do.	...	50c	May 15	Apr. 29
Dome Mines	$1	25c	Apr. 20	Mar. 31
Do., extra	...	20c	Apr. 20	Mar. 31
Eastern Theatres c.	$2	50c	Mar. 1	Jan. 31
Eastern Theatres pfd.	7%	3½%	Jan. 31	Dec. 31
Fuller, Geo. A. (Can.) pfd.	$6	$1.50	Feb. 1	Jan. 15
Humberstone Shoe	$2	50c	Feb. 1	Jan. 16
Hollinger Gold	65c	5c	Jan. 28	Jan. 13
Hydro-Elec. "B" pfd.	50c	25c	Feb. 1	Jan. 20
Inter. Nickel, pref.	7%	1¾%	Feb. 1	Jan. 3
Imperial Bank	10%	2½%	Feb. 1	Dec. 31
Inter. Utilities pfd.	$7	$1.75	Feb. 1	Jan. 16
Do., pfd.	$3.50	87½c	Feb. 1	Jan. 16
Lindsay, C. W., pref.	6½%	1⅝%	Mar. 1	Feb. 14
Montreal L. H. & Pr.	$1.50	38c	Jan. 31	Dec. 31
McIntyre Mines	$1	25c	Mar. 1	Feb. 1
Do., extra	50c	12½c	Mar. 1	Feb. 1
MacKinnon Steel pref.	$3.50	87½c	Feb. 1	Jan. 27
Neon Prod. of W. Can. pfd.	$3	75c	Feb. 1	Jan. 15
Paterson, Wm., pref.	7%	1¾%	Feb. 1	Jan. 20
Penmans	$3	75c	Feb. 15	Feb. 6
Do., pref.	6%	1½%	Feb. 1	Jan. 21
Quebec Power	$1	25c	Feb. 15	Jan. 27
Royal Bank	10%	2½%	Mar. 1	Jan. 31
Russell Motor pfd.	7%	1¾%	Feb. 1	Dec. 31
Southern Can Power c.	$1	25c	Feb. 15	Jan. 31
Shawinigan W. & Pr.	50c	18c	Feb. 15	Jan. 21
Steel of Canada pfd.	$1.75	43¾c	Feb. 1	Jan. 7
Do., com.	$1.75	43¾c	Feb. 1	Jan. 7
St. Law. Flour	$1.50	37½c	Feb. 1	Jan. 20
Do., pref.	7%	1¾%	Feb. 1	Jan. 20
Second Std. Royalties pfd.	4c	1c	Feb. 1	Jan. 21
Teck Hughes	60c	15c	Feb. 1	Jan. 17
United Bond & Share, c.	60c	15c	Jan. 16	Dec. 31
Weston, Geo., pref.	7%	1¾%	Feb. 1	Jan. 20

*Stock dividend. Payable subject to shareholders' approval at meeting called for Feb. 1, 1933.

Dividends Passed or Deferred:

Consolidated Sand. pref., Feb. 15, to be deferred. Last paid 50c. Nov. 15, 1932.

Standard Paving, pref., Feb. 15, to be deferred. Last paid 50c. Nov. 15, 1932.

Russell Motor Car, com., Feb. 1 passed. Last paid 25c. Nov. 1, 1932.

Disher Steel, pref. "A" Feb. 1 deferred. Last paid 37½c. Nov. 1, 1932.

Monarch Mortgage & Invest. pref. Jan. 15, deferred. Last paid 10c. Oct. 15, 1932.

Dividend Rate Reduced:

MacKinnon Steel, pref. Feb. 1, $7 to $3.50 per annum.
Quebec Power, Feb. 15, $1.50 to $1 per annum.

Extra Dividends:

McIntyre Mines 12½c. Mar. 1.
Dome Mines 20c April 20.

Winnipeg Stock Exchange

(Transactions for week to Jan. 21)

Div. Rate in $	Yield in %		Sales	High for week	Low for week	Close Jan. 21
..	..	Beaver Lumber, c.	100	2¼	2¼	2¼
50c	5.4	Imperial Oil	10	9½	9½	9½
..	..	North Star Oil	30	1.50	1.50	1.50
35c	..	Do., pref.	10	2.75	2.75	2.75
..	..	San Antonio	10	.92	.92	.92
1.25	9.6	Sovereign Life	30	13	13	13
1.25	11.9	United Grain Growers	2	10½	10½	10½
..	..	Ventures	100	.85	.85	.85
..	..	Western Life	10	8	8	8

Stocks Not Traded in During Week*

	Bid	Ask		Bid	Ask
Beaver Lumb. pf.	..	75	Nor. Can. Mtg. pf.	..	15
Beaver Fire	..	100	Northern Trust	..	25
City Dairy 8% pf.	..	50	Traders' Bldg.	..	75
Can. Fire Insur.	50	..	West. Breweries	1	..
Cres. Cream, pfd.	..	60	West St. Prod., pf.	..	30
Monarch Life 10% pd.	16	..	Can. Amer. Tr. shs.	..	2¾
Nor. Mtg. part pd.	..	5	Fundamental Ser. A	..	3⅜
Pelissiers pref.	10	..	Fundamental Ser. B	..	3½
			Grouped Inc. shs.	3.30	3.65

*Stocks more active on other exchanges not included.

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and the adjoining page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of approximate price is better than none at all.

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited)
Investment Bankers, Toronto
January 24, 1933

	Bid	Asked
Industrial Stocks:		
Acadia Sugar c.	.35	.60
Acadia Sugar 6% pfd.	2.75	3.25
Acme Farmers Dairy 7% pfd.	62.00	....
Acme Glove pfd. bonus c.	7.50	9.75
Agnew Surpass 7% pfd.	65.00	69.50
Allens Beach 7% pfd. bonus c.	30.50	....
Allens College 7% pfd. bonus c.	30.50	....
Allens London 7% pfd. bonus c.	30.50	....
Allens St. Clair 7% pfd. bonus c.	30.50	....
Allens St. Cath. 7% pfd. bonus c.	30.50	....
Allens Toronto 7% pfd. bonus c.	15.00	....
Andian Nat. Corp.	19.25	22.00
B.C. Pulp & Paper pfd.	5.75	8.00
Burns pfd. bonus com.	3.75	5.25
Canada & Dom. Sugar	21.75	22.75
Canada Mach. c.	1.50	3.00
Canada Mach. pfd.	11.00	18.00
Canada Pack. c.	10.75	13.00
Canada Packers 7% pfd.	71.00	....
Canada Starch 7% pfd.	62.00	68.00
Canada Tea 7% pfd.	48.00	58.50
Canada Wire & Cable 6½% pfd. W.W.	....	70.75
Can. Industries c. "A"	72.00	....
Can. Industries c. "B"	71.00	74.50
Can. Industries 7% pfd.	114.50	116.00
Can. Westing.	37.00	....
Chase, A. W., 4% pfd. bonus c.	....	16.00
Claude Neon Gen. Adv. Units	16.50	18.00
Claude Neon Gen. Adv. c.	.70	1.00
Dom. Foundries & Steel 8% pfd.	....	64.25
Dom. Foundries & Steel c.	....	4.25
Dom. Manufacturers 7% pfd.	60.50	69.00
Dunlop Tire 7% pfd.	41.00	45.00
Eastern Dairies Ltd. 7% pfd.	48.00	....
Edmonton Stock-yards Units	....	52.00
Federal Grain 6½% pfd.	20.00	25.00
Gen. Steel Wares pfd.	5.50	7.00
Goderich Elevator & Transit	....	7.50
Greening Wire 7% pfd.	....	61.50
Guardian Realty 7% pfd.	15.50	23.00
Guelph Carpet 6½% pfd. bonus	65.50	72.00
Guelph Carpet c.	4.75	....
Inter City Baking com.	....	15.25
Inter. Proprietaries "A"	25.50	26.50
Langleys Ltd. 7% pfd.	25.50	35.00
Loew's London c.	.40	.90
Loew's London 7% pfd.	3.00	4.00
Massey-Harris 5% pfd.	11.75	12.75
Mt. Royal Htl. c.	.25	....
Mt. Royal Hotel 6% pfd.	....	3.85
Nat. Grocers c.	.50	1.00
Nat. Grocers 7% 2nd pfd.	40.00	45.00
Nat. Sewer Pipe com.	6.00	....
Neilson, Wm., c.	4.25	....
Paramount Kitchener pfd.	26.50	....
Provincial Paper 7% pfd.	30.00	33.00
Reliance Grain 6½% pfd.	42.00	....
Rolland Paper 6% pfd. W.W.	27.00	28.25
Standard Clay Products c.	....	15.25
Standard Fuel 6½% pfd. bonus	57.00	58.50
Supertest Petroleum "B"	16.50	20.00
Industrial Stocks:		
Toronto Brick 7% pfd.	....	42.50
Toronto Carpet 8% pfd.	....	85.50
Toronto Elevators 7% pfd.	72.50	75.00
Western Grain 6½% pfd. bonus	....	21.00
Willards Choc. pf.	....	20.50
Insurance Stocks:		
Br. Amer. Assce.	30.50	40.00
Canada Life Ass.	401.00	....
Confederation Life 20% pd.	130.50	140.00
Can. Fire Ins.	52.00	55.00
Continental Life 20% pd.	38.50	50.00
Crown Life Ins.	85.00%	....
Dom. Fire Ins.	83.00	....
Dom. Life 50% pd.	....	245.00
Dom. of Can. Gen. Ins.	110.50	125.00
Excelsior Life 30% pd.	80.00	86.00
Fidelity Ins. of Can.	....	69.00
Great West Life Assce.	220.00	235.00
Guarantee Co. of N. A.	226.00	....
Halifax Fire Ins.	10.50	12.25
Imperial Life	245.00	260.00
Mfrs. Life Ins.	230.00	245.00
Monarch Life 10% pd.	15.75	....
National Life 25% pd.	....	68.00
Saskatchewan Life 10% pd.	....	13.00
Sovereign Life 25% pd.	16.00	21.00
Sun Life Assur.	325.00	350.00
Western Assur. c.	14.75	18.00
Western Life 20% pd.	7.00	....
Trust & Loan Stocks:		
Can. Gen. Invest. Ltd.	3.00	3.20
Chartered Trust	63.00	68.50
Debenture & Sec. 5% pfd.	....	20.00
Eastern Can. Sav. & Loan	106.00	110.00
Eastern Trust	140.50	150.00
Guelph & Ont. Inv. par $50	44.00	50.00
Investment Foundation Units	18.00	20.00
Lambton Loan & Savings	50.50	56.00
London & Western Trust	70.00	....
Mtge. Disc. pfd.	2.30	3.00
Mutual Finance 8% pfd.	....	2.25
Premier Trust	65.00	....
Provincial Bank	93.00	98.00
Security Loan & Savings	94.50	104.00
Sherbrooke Trust	100.50	110.00
Sterling Trust	53.00	57.00
Traders Fin. c.	....	.65
Traders Finance 7% "A" pfd.	17.50	20.00
Trusts & Guar.	38.00	....
Victoria Trust & Savings	141.00	170.00
Waterloo Trust & Savings	95.00	115.00
Power Issues:		
B.C. Elect. Pwr. & Gas pfd.	90.50	92.00
Calgary Power 6% pfd.	66.00	....
Can. Light & Power com.	15.00	20.00
Can. West. Nat. Gas LH&P c.	20.50	....
Can. West. Nat. Gas LH&P pfd.	71.00	73.00
Great Lakes Power 7% pfd.	....	64.00
Maritime Tel. & Tel. c.	8.25	9.50
Maritime Tel. & Tel. 7% pfd.	10.50	11.75
N.B. Telephone c.	7.00	7.75
Nova Scotia L&P 6% pfd.	71.00	80.00

Recent London Quotations:

Brewers & Distillers	3s. 9d.
Can. & For. sec.	3s. 9d.
Can. West. Lumber	1s.
Hudson's Bay	18s. 9d.
Do., 5% pref.	70s.
Internat. Holdings	$1 11/16
Nfld. Pr. & Pap. deb. stock "B"	88
Trust & Loan of Can.	9d.

Listed Bond Quotations

Week Ending January 23

	Int. Rate	Due	Yield	Latest Bid	High	Low	Range, 1932-33 High	Low
Montreal								
Abitibi, 1st mtg.§	5	1953	...	16½	...	...	46	19¼
Asbestos	5	1942	...	21	...	...	65½	49
Asbestos, 1st mtge.	6	1941	...	5½	...	...	*20	14
Do., Gen. mtge.	6	1956	...	...	...	...	*9	...
Can. Cons. Rub.	6	1946	...	...	...	...	*69¾	...
Can. Cottons	5	1940	...	...	...	...	*91	90
Can. Forgings	6	1942	...	...	...	...	*100	...
Can. Locomotive	6	1951	...	...	...	...	‡96	...
Can. Pr. (Laur.)	5½	1958	...	...	...	...	7	5
Do. (Way. Ser.)	5½	1958	...	...	...	...	*28½	5¼
Can. S.S. Debs.	5	1943	...	...	...	...	83¼	...
Cedars Rapids	5	1953	4.39	...	...	...	108	95
Dom. Canners	6	1940	...	...	...	...	‡103	...
Dominion Coal	5	1940	...	...	...	...	50	31
McNish	6	1948	...	...	...	...	3.50	1.00
Mex. L. & Pr.	5	1940	...	1.00	...	...	*73½	70¼
Mtl. L.H.&Pr. debs.	3	1939	...	48	...	...	44	35
Mont. Tr. 1st mtg.§	5	1941	5.25	42⅝	43	40⅝	98⅝	90¾
Mont. Trams. "A"§	5	1955	6.86	93	98¼	...	85½	69¼
Do., G. & Ref. "B"	5	1955	7.08	...	79	...	79½	78¼
Do., "C"	4½	1955	6.43	...	...	...	77½	77
Do., "D"	5	1955	7.02	...	...	...	81	77⅞
N.S. Steel	5	1959	...	...	...	...	*62¾	59
Ontario Steel	6	1943	5.94	†78	...	...	100½	...
Porto R. Pr.	5	1936	...	80	...	...	*93	88
Steel of Canada§	6	1940	...	...	...	...	102¼	100
Wayagamack	6	1951	...	102	...	...	*75	45
Winnipeg Elec.§	5	1935	...	74	...	...	86	...
Toronto								
Canada Bread	6	1941	...	...	...	...	*101½	100
Steel of Canada	6	1940	...	...	...	...	102½	...
Dominion Govt. Bonds (Montreal)								
War Loan§	5	1937	1.00	115.25	....	....	110.00	102.00
Victory Loan	5½	1933	3.78	101.15	....	....	101.55	100.25
Do.	5½	1934	3.83	102.60	....	....	102.50	99.25
Do.	5½	1937	3.28	110.00	....	....	109.75	104.00
Do., refund	4½	1940	4.37	100.60	....	....	98.25	91.50
Do., refund	5	1943	4.59	104.00	103.25	....	103.37	95.38
Do., refund	4½	1944	4.43	100.35	....	....	97.50	89.50
Do., refund	4½	1946	4.55	100.10	....	....	96.25	91.50
Conversion Loan	4	1952	4.60	92.00	92.37	....	92.37	91.63
Do.	4½	1956	4.71	97.50	97.00	....	97.00	88.25
Do.	4½	1957	4.77	97.50	....	....	96.00	88.50
Do.	4½	1958	4.66	98.50	....	....	99.37	88.50
Nat. Service Loan	5	1936	4.00	103.25	103.00	....	99.50	88.75
Do.	5	1941	4.55	103.85	....	....	103.00	96.25
							102.25	95.00

†Latest ask. §Payable in Canada and New York.
‡Quotations for 1930. *For 1931. None recorded in 1932-33 to date.

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co., Canada Permanent Building, Toronto, Ont.

January 24, 1933

	Rate	Actual Maturity	Next Int. Date	Price	Yield
*Alberta	4½	1 Oct., 1958	1 Apr.	85.00	5.65
Alberta	5	1 July 1943	1 July	94.00	5.78
Alberta	6	1 Mar., 1947	1 Mar.	100.00	6.00
*British Columbia	4½	1 Oct., 1953	1 Apr.	86.00	5.64
*British Columbia	5	15 Jan., 1948	15 July	96.00	5.39
British Columbia	6	15 Feb., 1947	15 Feb.	100.50	5.95
Manitoba	4	1 July 1947	1 July	81.50	5.92
*Manitoba	5	2 Dec., 1959	2 June	94.00	5.43
Manitoba	6	1 Apr., 1947	1 Apr.	100.00	6.00
*New Brunswick	4	1 June 1948	1 June	91.83	4.75
*New Brunswick	4½	15 June 1936	15 June	100.00	4.75
New Brunswick	5½	1 May 1950	1 May	104.00	5.15
*Nova Scotia	4½	15 Nov., 1948	15 May	98.50	4.64
Nova Scotia	5	1 May 1943	1 May	102.00	4.75
*Ontario	4½	1 Sept., 1944	1 Mar.	104.50	4.02
Ontario	5	15 Oct., 1948	15 Apr.	104.50	4.60
Ontario	5½	1 Feb., 1947	1 Feb.	108.25	4.68
P. E. I.	4	1 Apr., 1939	1 Apr.	95.00	4.90
P. E. I.	6	1 May, 1947	1 May	109.15	5.10
*Quebec	4½	1 May, 1961	1 May	101.50	4.16
*Saskatchewan	4½	1 Sept., 1955	1 Mar.	85.00	5.68
Saskatchewan	5	1 Oct., 1950	1 Apr.	87.00	6.20
Saskatchewan	6	15 Mar., 1952	15 Mar.	97.00	6.27
*Newfoundland	5	31 Dec., 1952	30 June	69.00	8.16
*Newfoundland	5½	1 July, 1939	1 July	75.00	10.99
*Newfoundland	6½	30 June, 1936	30 June	80.00	14.00
Cities					
*Montreal	5	1 Sept., 1963	1 Mar.	108.30	4.50
*Toronto	4½	1 Jan., 1955	1 July	100.00	4.50
*Vancouver	5	15 Jan., 1970	15 July	88.50	5.75
Winnipeg	5	1 Mar., 1944	1 Mar.	92.55	5.90
*Edmonton	5½	1 Apr., 1947	1 Apr.	85.25	7.15
Calgary	5	1 Jan., 1943	1 July	82.60	7.50
Halifax	6	1 July, 1951	1 July	110.70	5.10
St. John	5	15 Dec., 1950	15 June	98.83	5.10
Regina	4½	1 July, 1950	1 July	72.98	7.25
Victoria	5	21 July, 1945	21 July	87.30	6.50
Quebec	5	1 June, 1948	1 June	101.08	4.90

* Payable in New York.

HURON AND ERIE PROFIT STEADY; CASH IS HIGHER

Liquid Position is Improved; Unemployment Affects Deposits

Huron & Erie Mortgage Corp. had net profits of $525,891 in 1932 to compare with $533,459 in 1931. After provision for taxes amounting to $96,166 and $25,000 written off office premises the company earned $8.09 per share of the stock of $100 par value of which there is $5,000,000 outstanding. In 1931 the company earned $8.01 per share after write-off of $50,000 on premises and taxes of $82,970. After paying dividends at the rate of 8 per cent, surplus was increased to $90,335 from $85,610.

With total assets of $47,028,715, the company has liabilities to the public of $39,821,086. Little change is shown in debentures outstanding with Canadian debentures at $27,726,740, sterling debentures at $1,386,343 and 4 per cent perpetual sterling debenture stock at $217,384. Deposits are down to $9,327,304 from $10,085,507 reflecting unemployment conditions. Liquid assets show increase to 51 per cent of deposits from the 46 per cent shown in 1931.

Has More Cash

Of the assets of the company, $37,159,714 is in mortgages and agreements of sale in comparison with $38,086,767 shown in 1931. Real estate held for sale is up to $304,444 from $242,739. Of real estate held for sale at the end of 1932, $61,594 was in farm properties and $242,849 was in city properties in Ontario. Since December 31 land held for sale has been reduced by over $100,000.

Loans on bonds shown at $98,730 in 1931 have been repaid. Cash is up to $1,003,503 from $582,287. Security holdings are slightly lower with Dominion of Canada and provincial bonds at $1,212,673 and Dominion and provincial guarantee issues at $1,080,023. Canadian municipal debentures show some increase to $1,369,947 and other bonds at $142,181. Unrealized assets of People's Loan & Savings Corp. are held at $1,052,192 having been reduced by $48,455 during 1932. Holdings of bonds and cash have increased to $4,808,427 from $4,548,526. Premises are carried at $2,143,553 and Canada Trust Co. stock, valued on a basis of reserve at $1,805,045, is shown at $1,560,485. The reserve fund remains at $2,800,000 with paid-up capital at $5,000,000.

Earnings Record

Year	Paid-up Capital $	Net Profits* $	Div. Rate $	Rate earned per sh $
1928	5,000,000	490,712	8	9.81
1929	5,000,000	507,088	8	10.14
1930	5,000,000	511,615	8	10.23
1931	5,000,000	400,490	8	8.01
1932	5,000,000	404,724	8	8.09

*After management expenses and all other charges, taxes, provision for actual losses, and amount written off office premises of $25,000 in 1932; $50,000, 1931; $25,000 1930; $23,508, 1929; and $15,083 in 1928.

CANADA TRUST HAS MAINTAINED PROFIT

Estates Under Administration Show Increase; Deposits Lower

Net profit of Canada Trust Co. in 1932 is reported at $127,701 as against $131,960 in 1931 and after increased provision for taxes the company earned 10.08 per cent on paid-up capital which compares with 10.81 per cent in 1931. Trust funds for investment dropped to $6,143,932 from $6,655,189 in 1931 but estates, trusts and agencies under administration increased to $21,989,804 from $21,630,322. Dividends on the paid-up capital of $1,000,000 were continued at the rate of 10 per cent. Huron & Erie Mortgage Corp. owns 97½ per cent of the capital stock.

Total assets at $30,127,974 show little change. Of the assets in guaranteed trust account amounting to $6,196,139, $5,817,316 is in mortgages, equities in mortgages and agreements of sale. Loans on securities are shown at $174,299 while cash has increased to $169,371 from $143,037.

In capital account, assets total $1,942,031 of which $1,688,199 is in mortgages and agreements for sale. This item appeared at $1,448,068 in 1931. Real estate held for sale is shown at $7,000. Loans on securities have been reduced to $53,061 from $329,980 while advances to estates are up to $46,695 from $22,182. Cash shows little change at $116,734 and bond holdings total $30,342. Reserve fund remains at $850,000 on capital of $1,000,000. Surplus is increased to $42,031 from $41,201.

Earnings Record

Year	Paid-up Capital $	Net Profits* $	Div. Rate $	Rate earned per sh. $
1928	1,000,000	129,002	10	12.90
1929	1,000,000	130,887	10	13.09
1930	1,000,000	132,081	10	13.21
1931	1,000,000	108,078	10	10.81
1932	1,000,000	100,830	10	10.08

*After defraying expenses of management and other charges, taxes, and making provision for actual losses.

Hudson Bay Mortgage Capital Earns 4.3 p.c.

Net profit of Hudson Bay Mortgage Co., Vancouver, is shown at $4,412 for 1932, which compares with $4,915 in 1931. Profit represents a return of 4.3 per cent on paid-up capital of $102,720 in 1932 as against 4.8 per cent in 1931. No dividends were paid during 1932 on the 6,220 shares of 7 per cent preferred stock of $10 par value.

Assets total $117,838 and include cash at $4,770; investments of $113,046 and accounts receivable of $23. Investments include mortgages at $93,367; accrued interest of $3,185 and interest in arrears of $1,959. Properties are carried at $13,727 after provision for reserve of $1,078, and agreements of sale are shown at $808. In addition to the preferred stock, there are outstanding 4,052 shares of $10 par value common stock. General reserve is shown at $3,440 and surplus account stands at $6,663. Preferred dividends are in arrears for two years to the total of $8,708.

Earnings Record

Year	Paid-up Capital $	Net Profits $	Div. Rate* $	Rate earned %
1928	102,720	5,097	70c	4.9
1929	102,720	4,837	70c	4.7
1930	102,720	4,828	70c	4.7
1931	102,720	4,915	70c	4.8
1932	102,720	4,412	...	4.3

*Paid on $62,200 of 7% preferred shares, par $10.

Sell Half of Potato Crop

About half of the 1932 crop of certified seed potatoes raised in the province of New Brunswick has been sold to date, leaving about 350,000 bushels, part of which may have to be sold as table stock, according to C. H. Godwin, of the Dominion Seed Potato Inspection Service.

February Dividends Few; Total Only $3,335,000

Dividend payments made by Canadian corporations during February are few in comparison with the peak months of the year and the total payable during the coming month is only $3,335,428 in comparison with the $13,850,450 paid out in January. In February, 1932, dividend payments totalled $4,095,000 while in the corresponding month of 1931 the total was $5,101,369.

Comparatively few changes in dividend rate have been announced. Four companies, have passed or deferred dividends and two companies have reduced their dividend rate. No payment will be made on the preferred stocks of Consolidated Sand & Gravel, Standard Paving & Materials and Disher-Steel Construction while the dividend has also been passed on the common stock of Russell Motor Car Co. MacKinnon Steel Corp. has reduced the dividend rate on the 7 per cent preferred stock to $3.50 per annum and the dividend on the common stock of Quebec Power Co. has been reduced from $1.50 to $1 per annum.

Dividend payments to be made during February have been compiled by The Financial Post as follows:

SUMMARY OF PAYMENTS

Dividends	$ 3,335,428
Bond interest	19,366,779
Total	$22,702,207

DIVIDEND PAYMENTS

Company	Rate	Date	Amount
Acme Farmers Dairy, pfd.	3½s	10	$ 24,500
Beatty Bros. 1st pfd.	$1.50q	1	16,998
Belding-Corticelli c.	1¾q	1	13,115
Calgary Pwr. pfd.	1¾q	1	90,000
Can. Bronze	31¼cq	1	25,000
Do., pref.	1¾q	1	12,600
Can. Converters	50cq	15	8,667
Can. Dredge	$1	1	92,498
Do., pref.	1¾q	1	1,458
Can. Investors c.	10cq	1	10,000
Dom. Bridge	50cq	15	256,975
Dom. Scot. Inv. pfd.	25cq	1	14,925
Fuller, Geo. A. (Can.) pref.	$1.50q	1	11,250
Humberstone Shoe	50cq	1	10,000
Hydro-Elec. B. pref.	25c.s	1	251,550
Imperial Bank	2½q	1	175,000
Inter. Nickel pref.	1¾q	1	483,486
Inter. Utilities pref.	$1.75q	1	55,077
Do., pref.	87½cq	1	70,651
MacKinnon Steel pref.	87½cq	1	4,462
Neon Prod. of W. Can. pfd.	75cq	1	4,500
Paterson, Wm., pfd.	$1.75q	1	1,086
Penmans	75cq	15	48,388
Do., pref.	1½q	1	16,125
Quebec Power	25cq	15	138,299
Russell Motor pfd.	1¾q	1	21,000
Second Std. Royalties pfd.	5c	1	28,333
Shawinigan W. & Pr.	13cq	15	283,172
Southern Can. Pwr. c.	25cq	15	100,000
St. Law. Flour	87½cq	1	4,500
Do., pref.	1¾q	1	10,062
Steel of Canada	43¾cq	1	201,250
Do., pref.	43¾cq	1	113,685
Teck Hughes	15cq	1	721,071
Weston, Geo., pref.	1¾q	1	15,750
			3,335,428

q—Quarterly. s—Half-yearly.

BOND INTEREST DUE IN FEBRUARY

Company	Rate	Date	Due	Amount
Belanger, A.	6	1	Serial	$ 27,887
Bloor St. G. Rlty.	7	15	1946	17,671
Do., 2nd mtg.	6½	15	1941	3,250
Canada Bread	6	1	1941	29,619
Canada Foundries	6	2	1942	5,352
Canada Machinery	6	1	1940	5,271
C. Nat. Rly. Eq. 'G'	5	1	Serial	262,500
Do., Gtd. Gold	5	1	1970	450,000
Do., Gtd. Gold	5	1	1954	1,250,000
Do., Gtd. Gold	4½	1	1956	1,575,000
Can. Nor Rly.	4½	15	1935	382,500
Can. P&P Inv. 'A'	5	1	1958	60,000
Can. S'ships debs.	5	15	1948	62,427
Can. Vickers "A"	6	1	1947	78,090
Cons. Inv. "A"	4½	15	1959	161,122
Cont. P. Prod.	6½	1	1943	16,428
Confed. Amuse.	6½	1	1951	10,562
Dom. Bldg.	6½	1	1942	13,000
Dom. Tel. Secs.	5½	2	1978	27,500
Drumheller Coll.	7	1	1943	17,500
Dryden Paper	6	1	1949	42,840
Federal Grain "A"	6	1	1949	121,770
Georgetown C. Pap.	6½	1	1947	5,996
Ham. By-Product	7	1	1943	45,038
Holt Renfrew	6½	1	1937	15,112
Lincoln Pulp	7½	1	1942	24,895
Low. St. Law. Pr.	7	1	1947	26,250
Maclaren Que Pr.	5½	1	1961	330,000
Malagash Salt	6½	1	1947	16,250
Med. & Dental Bldg.	6	15	1944	29,250
Mex. L. H. & Pr.	5	1	1940	268,075
Mtl. Dry Docks	6	1	1948	17,910
Shawinigan "C"	5	1	1970	374,500
Do., "E"	5	1	1972	375,000
Do., Notes	6	1	1937	180,000
Suburb. Rap. T.	5	1	1938	12,500
Walmsley, Chas.	6	1	1943	23,810
Wood, Alex. & J.	6	1	1944	8,466
Zimmerknit 1st	6	1	1951	7,500
Do., 2nd mtg.	6	1	1961	15,000
Corporation				6,395,291
Provincial				2,882,419
Municipal				3,920,913
Dominion				6,168,156
				19,366,779

Chemical Research Corp. Shareholders to Meet

Shareholders of Chemical Research Corp. have called an annual general meeting of the company to be held on January 31 at the head office of the company in Detroit.

While the company is a Delaware incorporation and its interests are confined to the United States, there has been a large Canadian following of the company owing to a distribution of the stock made here in 1929 by the now defunct Stobie, Forlong & Co.

Chemical Research, through its subsidiary, Gyro Process Co., controls patents covering the manufacture of gasoline.

The company's operations were further complicated last October when it made an agreement with the Alco Products, a division of American Locomotive Co., to acquire exclusive licensing sales and engineering and manufacturing rights of the process. The Financial Post on several occasions has endeavored to apprize its subscribers of the activities of this company and the operations of F. F. Beall, its president. In 1929 the shares sold for $21.50 each. More recently they have ranged from a few cents to $1 per share.

QUEBEC EXPORT OF POWER MOOTED VIEW OF SURPLUS

Unconfirmed Report Has It Province Will Consider Matter

From Our Own Correspondent

MONTREAL.—Suggestion has been put forward that Quebec power companies be given permission to export electrical energy to points other than Ontario. The matter has not come before the Provincial Government in official form, but unconfirmed reports are that it is likely to be taken up during the present session.

It has been the policy of the Quebec Government to prohibit export of power across the border for years due to the desire to have American industries establish themselves within the limits of the province. Even, in the contracts which were entered into with the Province of Ontario for delivery of waterpower, it was provided that no power coming from this province should be turned over to the United States. While, up to 1926 the matter was being dealt with by order-in-council, Premier Taschereau to make the stand still more forceful, had the legislature adopt legislation which prevented definitely the export of power abroad, apart from a few cases where previous arrangements had been made.

Power Surplus Now

At present, the power, which may be developed within the province is estimated at 15,000,000 horsepower. Of this amount, only about 3,250,000 horsepower have been developed up to now, and the supply for future needs is considerable. It is difficult to establish what percentage of the developed power is needed at present for the operation of industries and for home and public utility consumption. However, it is admitted that there is a considerable surplus, in fact so much, that some of the large companies have stopped the harnessing of additional power, which had been authorized.

The Southern Canada Power Co. and the Cedar Rapids Power and Mfg. Co. are the only concerns which are exporting to the United States at present. The latter has a considerable contract while the former only exports a very small quantity.

In the event of Quebec approving the export of power, approval would have to be secured from Ottawa before such trade could be carried on.

N.Y. Exchange Members Buy Mining Seats

With the gold stocks ascending to new high market levels and increased interest manifest by New York brokerage houses, comes the report that at least three members of the New York Stock Exchange contemplate buying seats on the Standard Stock & Mining Exchange, Toronto.

Three Standard seats have recently changed hands and were allegedly purchased for New York interests, the prevailing price being around $16,000 per seat. The identity of the New York interests has not been disclosed and until seven days have elapsed after posting of the applications for membership, no action will be taken by the membership committee of the Standard Exchange for election of new members. The acquisition of Standard seats for New Yorkers is of particular interest since members of the Toronto Stock Exchange recently agreed with the Standard Exchange members to withdraw from trading and delist mining issues if in return the Standard exchange dropped all industrial issues. With the boom in the gold stocks the Toronto Stock Exchange is now out of the mining picture.

Halcrow Swayze Mines Arranges Financing

Halcrow Swayze Mines has been incorporated with an Ontario charter, and an authorized capitalization of $2,500,000 in $1 par value shares to develop a gold prospect comprising some 35 claims in Halcrow township, Swayze area, Ontario.

The property was staked under the supervision of Horace F. Strong, mining engineer of Haileybury, who is the president and managing director of the company.

During the latter end of 1932 camp buildings were erected and a trail cut from Kenogami Siding to the property, a distance of some 15 miles. Surface prospecting has shown a belt of Temiskaming sediments extending for two-and-a-half miles across the property and heavy mineralization has been noted and visible gold found in test pits and trenches over a length of 2,500 ft.

Manitoba & Eastern Mines made an underwriting commitment on the balance or 1,431,895 of the treasury shares unissued. Initial funds are to provide for further exploration.

Big Magnesite Deposit Found in British Columbia

The Geological Survey of the Department of Mines, Ottawa, has announced a large and conveniently situated deposit of crystalline-magnesite near Cranbrook, B.C. The deposit is estimated at 30 ft. in thickness and 150 ft. or more wide and has been traced for over four miles. Analyses of samples taken at selected localities compare favorably with important deposits the world over.

Seven Troughs Gold Mines

Shareholders of the former Seven Troughs Gold Mines Co., now known as the Nevada State Gold Mines Co., are advised that again financing arrangements have been made, this time through the Bankers Service Corp., New York City.

About a year ago it was announced that the Nevada State Gold Mines Co. had succeeded the old company and the property would be financed by a bond issue.

NEW ZEALAND REDUCES VALUE OF ITS MONEY

Sterling Exchange Rate Raised from 111 to 125

Consequent upon a prolonged agitation from exporters for such a step, the Government of New Zealand has deliberately increased the premium on sterling purchases in New Zealand pounds. The exchange rate on the United Kingdom pound has been about 111 to 113 in New Zealand. The new rate will be 125 New Zealand pounds for 100 pounds sterling, and places the exchange rate on the same level as that of Australia. No indication has yet been given as to how this operation is to be carried out.

Banks opposed the move vigorously, and N. Downie Stewart, Minister of Finance resigned because he disagreed with the decision of the cabinet of Prime Minister G. W. Forbes on the subject. The move has been made in an endeavor to aid those who have suffered from low export prices, which includes the chief primary producers of the Dominion who operate in agriculture and dairy industries. It is hoped in New Zealand that this further depreciation of the Dominion's currency, bringing it down to nearly $3 in Canada, will give exporters a greater advantage in the United Kingdom market against all competitors, including other countries of the Empire whose currencies are higher.

Speculators Profited

The resignation of Mr. Stewart gave speculators warning of the impending decision of the cabinet, and caused a rush to buy sterling. It is reported that some substantial profits were reaped in this manner.

It is suggested that New Zealand may reduce duties against products of other parts of the Empire in order to compensate them for any additional disadvantage the altered exchange rate may cause them in the New Zealand market. This would be in keeping with the spirit of the Ottawa Conference agreements.

This development leaves the leading British Empire currencies at the following approximate percentages of their gold par in foreign exchange markets:

Leading Empire Currencies as Percentage of Gold Par at Jan. 23, 1933

	Per cent of Par
Canadian dollar	87.0
United Kingdom pound sterling	79.3
South African pound	79.3
Australian pound	63.1
New Zealand pound	63.1

Smelters List Block of 400 Bonus Shares

From Our Own Correspondent

MONTREAL.—Montreal Stock Exchange has approved the additional listing of 400 shares par value $25 each, of Consolidated Mining and Smelting Co. of Canada. This brings the total amount to be listed up to $14,819,400, consisting of 592,776 shares out of a total of 600,000 authorized.

The stock listed represents shares voted by the directors as bonuses to the operating staff and employees who have completed three years of continuous service in the employ of the company.

New Company Formed For Cariboo Mining

With the commencement of production by the Cariboo Gold Quartz Co. in the Barkerville area of British Columbia an added impetus was given to exploration in the area and the latest company to be formed is the Burns Mountain Gold Quartz Mines, which has acquired the Perkins group of claims on Burns Mountain.

The new company has an authorized capitalization of 1,000,000 shares of no par value of which 300,000 are issued for property.

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Mining Stock Quotations

Week Ending January 23.

Par Val.	Range 1932-33 High	Low	Company	Sales	Close Jan. 16 (or last)	High for week	Low for week	Close Jan. 23
1	.06	.02½	Abana	....	.02½	....	....	....
1	.08	.00½	Aconda	2,000	.01	.00¾	.00⅞	.00½
No	.15	.15	Aldermac	....	.15	....	....	....
1	.09	.00⅞	Alexandria	30,000	.02	.02½	.02	.02
No	.20	.03	Algoma	18,500	.04	.04½	.03½	.03½
1	.01½	.00½	Algonquin	5,000	.00½	.00½	.00½	.00½
1	.01½	.00½	Amity C.	....	.00½	....	....	....
No	.36	.06	Amulet	5,250	.17	.17½	.16	.16
1	.00⅞	.00½	Apex	17,800	.00½	.00½	.00½	.00½
1	.04	.01	Area	4,500	.02	.02½	.02½	.02½
No	.04	.00½	Arno	1,012,450	.02½	.04	.02½	.03½
1	1.26	.65	Ashley Gold	52,153	1.00	1.26	.97	1.24
1	.07	.01	Bagamac	....	.01¼	....	....	....
1	.01¼	.00½	Baldwin	3,000	.00½	.01	.01	.01
1	.20	.03	Barry Hollinger	158,500	.16	.19½	.16½	.17½
No	1.45	.30	Base Metals	700	.80	.80	.75	.80
1	.21	.04	Big Missouri	7,800	.12½	.14	.11	.11
1	.12½	.02	Bobjo	109,700	.10½	.12½	.10½	.12
1	.23	.02½	Brett Trethewey	20,300	.18	.20	.17½	.19½
1	.03	.00½	Brownlee	17,700	.01½	.02½	.01½	.02½
1	.01	.00½	Buckingham	....	.00½	....	....	....
No	.36	.02	Buffalo Can.	....	.02½	.02½	.02½	.02½
No	.04	.01	Bunker Hill	3,000	.02	.02	.02	.02
5s	1.08	.10	B'Wana McKubwa	2,000	.80	....	....	....
No	.04	.02	Canam Metals	....	.02½	....	....	....
1	.12½	.01	Can. Kirkland	151,649	.07½	.12½	.07	.10½
1	.02½	.00½	Capital Rouyn	3,500	.00½	.00½	.00½	.00½
1	.07	.01½	Cartier Malartic	21,700	.02½	.02½	.02	.02
1	.21½	.09	Castle Trethewey	3,881	.17	.19	.15	.18
1	.09½	.04	Cen. Manitoba	2,500	.08½	.08½	.07	.08½
1	.22	.02	Cen. Patricia	19,275	.20	.22	.18	.18
No	.07½	.01	Chibougamau Pros.	2,500	.03	.04½	.04	.04½
No	.02	.00⅝	Clericy	6,000	.01½	.01½	.01½	.01½
5	5.00	.45	Coast Copper	600	1.70	1.90	1.75	1.80
1	.02½	.00½	Cobalt Contact	....	.01¼	....	....	....
No	.16	.15	Cobuc	....	.15½	....	....	....
1	.14	.03	Columario	5,000	.08½	.08	.08	.08
5	1.10	.69	Coniagas	....	1.05	....	....	....
No	.50	.23	Coniaurum	2,529	.35	.33	.25	.30
25	102.00	25.00	Cons. Smelters	1,070	59.75	60.00	58.00	59.00
No	15.70	9.00	Dome Mines	14,030	14.00	15.70	13.75	15.60
No	.10	.02	Dom Explorers	13,800	.04½	.05	.04	.04
1	.00½	.00½	Dominion Kirk.	1,000	.00½	.00½	.00½	.00½
1	.04	.00½	Don Rouyn	3,500	.02	.03	.02½	.03
	.04	.02½	Duparquet	....	.02½	....	....	....
1	1.61	.76	Eldorado	14,795	1.45	1.55	1.40	1.52
No	2.40	.47	Falconbridge	3,060	1.91	2.00	1.80	1.95
1	.04	.00½	Federal	4,000	.02	.02½	.01	.02½
1	.06½	.00½	Goldale	28,000	.05½	.06½	.05½	.06
10	.24	.05½	Goldfield	....	.10	....	....	....
1	.00⅞	.00½	Gold Hill	60,900	.00½	.00⅞	.00½	.00⅞
1	.04	.02	Goodfish	....	.02	....	....	....
1	.03½	.00½	Graham	1,500	.00½	.01½	.01½	.01½
1	1.48	.50	Granada	45,655	1.39	1.46	1.35	1.41
1	.22	.05	Groselle	....	.06	....	....	....
1	.03½	.01	Harker	11,500	.02	.03	.02½	.03
1	.01½	.00½	Hilltop	14,000	.00½	.01½	.00⅞	.01½
5	6.90	4.25	Hollinger	17,320	6.15	6.90	6.00	6.85
1	.78	.26	Howey Gold	45,200	.66½	.75	.66	.72
No	5.30	.92	Hudson Bay	1,595	3.25	3.65	3.35	3.65
No	.36	.13	Huronian	690	.30	.33	.29	.30
No	13.50	4.00	Int. Nickel	15,435	9.00	9.37	9.00	9.25
1	.01½	.00½	Jackson Manion	13,500	.00½	.01	.00½	.01
1	.25	.19	Keeley	600	.22	.22	.21½	.22
1	.02½	.00½	Keora Mines	3,000	.01¼	.02	.01¼	.01¼
1	.70	.40	Kirk. Hud. Bay	5,000	.60	.65	.60	.65
1	.02½	.00½	Kirk. Hunton	57,000	.01	.01½	.01	.01¼
1	.55	.19	Kirkland Lake	88,325	.33	.38	.32½	.37½
1	.03½	.00½	Kirkland Premier	....	.01¼	....	....	....
1	.17	.05	Kirk. Townsite	26,000	.16½	.17	.16	.17
20c	.01¼	.00¼	Koot. Florence	8,000	.01	.01½	.01	.01½
1	.01½	.01½	La Rose	....	.01¼	....	....	....
1	.41	.10	Lakeland	1,500	.20	.20	.20	.20
1	.29	.05	Lake Maron	1,000	.10	.10	.10	.10
1	35.10	24.90	Lake Shore	11,769	33.00	33.50	32.95	33.50
1	.07	.01½	Lebel Oro	1,500	.02½	.03	.02½	.03
1	.41	.13	Macassa	179,000	.25	.29½	.24	.28½
1	.08	.02½	Malartic	4,100	.06	.06	.05	.05½
1	.04	.00½	Malrobic	19,000	.02	.02	.01½	.01½
No	.08	.02	Mandy	11,800	.04	.05	.04	.04½
No	.02½	.00½	Manitoba Basin	130,200	.02½	.02½	.02	.02½
5	25.00	14.70	McIntyre	5,398	22.00	23.40	22.00	23.10
1	.38	.25	McKinley	318	.30	.38	.38	.38
No	.09½	.01⅞	McLeod River	61,000	.04½	.04½	.03½	.04
1	.26	.15	McVittie	25,750	.25	.25	.21	.24½
No	.65	.40	McWatters	32,825	.58	.63	.59	.60
No	1.85	.58	Mining Corp.	29,355	1.50	1.75	1.50	1.75
1	.08	.01½	Moffatt Hall	51,000	.02½	.02½	.02½	.02½
1	.62	.02	Moneta	3,000	.02	.02	.02	.02
1	.45	.19½	Moss	62,665	.39½	.40	.36	.38
1	.02½	.00½	Murphy	139,400	.01½	.02	.01	.02
No	.08	.01	Newbec	22,900	.04	.05	.03½	.04½
	.02½	.01½	Night Hawk Penn	11,000	.02	.03½	.01½	.03½
5	1.48	.50	Nipissing	3,920	1.25	1.34	1.15	1.32
No	23.25	12.50	Noranda	12,311	19.90	21.60	19.75	21.50
No	.39	.10	Nor. Canada	7,700	.36½	.38	.35	.38
	.76	.65	Northern Metals	....	.76	....	....	....
No	.02½	.00½	Old Colony	186,500	.01½	.02½	.01½	.02
1	.09	.05	Osisko	2,300	.05	.06	.05	.05
1	.17	.07	Parkhill	2,000	.12	.11	.11	.11
1	.13½	.11	Patricia Dent	....	.13	....	....	....
1	.02	.01	Pawnee Kirk.	6,030	.01½	.02	.02	.02
1	1.25	.35	Pend. Oreille	....	.62	....	....	....
1	.01½	.00½	Peterson Cobalt	3,000	.01	.01	.01	.01
1	4.94	3.00	Pioneer Gold B.C.	11,635	4.52	4.60	4.38	4.55
1	.00½	.00½	Porcupine Crown	....	.00⅞	....	....	....
1	.02	.00½	Potter Doal	....	.00½	....	....	....
1	.12	.12	Powell Rouyn	....	.12	....	....	....
1	.75	.32	Premier Gold	5,850	.67	.70	.61	.70
1	.01¼	.00½	Preston E. Dome	2,000	.01	.01½	.01½	.01½
No	1.31	.15	Prospectors Air's	900	.85	.95	.80	.80
No	1.00	1.00	Quebec Pros.	....	1.00	....	....	....
No	.15	.03	Quemont	2,500	.10	.15	.05	.14½
1	.02½	.00½	Ribago	14,500	.01	.01½	.01	.01½
1	.02½	.01	Ritchie	5,500	.01½	.01½	.01½	.01½
1	.02½	.00½	Robb Montbray	2,000	.01½	.01½	.01	.01½
1	.98	.25	San Antonio	50,073	.87	.95	.85	.94
1	.09	.03	Seven Troughs	10,000	.07½	.03	.03	.03
1	.77	.18	Sherritt Gordon	4,949	.38	.39	.35	.38
1	1.52	.70	Siscoe	155,120	1.39	1.52	1.35	1.51
1	.10½	.00½	South Keora	126,300	.09½	.10	.07	.10
No	.06	.00½	Stadacona	254,400	.04	.04	.03½	.04
1	.17	.05	St. Anthony	1,500	.09	.08	.08	.08
No	.90	.16	Sudbury Basin	7,060	.65½	.75	.60	.75
1	.02½	.00½	Sudbury Contact	1,500	.02½	.01½	.00½	.01½
1	.01½	.00½	Sudbury Mines	541,00	.00½	.01½	.00½	.00½
1	.27	.07½	Sullivan	33,400	.24	.25	.23½	.25
1	.89	.39	Sylvanite	64,650	.78	.89	.76	.87
1	.07	.01	Tashota	36,500	.02½	.02½	.02	.02½
1	.17½	.02	Tashota Goldfield	6,000	.17	.17½	.17	.17½
1	5.25	3.05	Teck Hughes	32,710	4.33	4.32	4.11	4.28
1	.07½	.02	Thom. Cadillac	4,000	.04½	.05	.05	.05
1	.40	.10	Towagmac	3,500	.13½	.16	.14	.14½
1	3.00	1.00	Treadwell	1,400	1.55	1.50	1.15	1.45
1	.09½	.02	United Kirkland	2,000	.06	.06	.06	.06
No	.12	.00½	Vacuum Gas	145,200	.05½	.05½	.04	.04½
No	1.10	.16	Ventures	71,945	.84	.94	.83	.93
1	.18	.04	Vickers	2,000	.13½	.11½	.11½	.11½
1	.45	.18	Vipond	1,582	.21½	.26	.20	.26
No	1.01	.25	Waite Ackerman	800	.50	.60	.45	.45
1	.08	.01	White Lake	....	.02	....	....	....
1	.01	.00½	Wiltsey Coughlan	....	.01	....	....	....
1	.10	.04½	Wood Kirkland	1,500	.07	.07	.07	.07
No	4.25	2.09	Wright-Hargreaves	105,110	3.90	4.25	3.86	4.21

OIL STOCKS

Par Val.	Range 1932-33 High	Low	Company	Sales	Close Jan. 16 (or last)	High for week	Low for week	Close Jan. 23
No	.19	.07½	Acme Gas & Oil	6,500	.11½	.11	.09½	.09½
1	1.17	.60	Ajax	9,525	.78	.78	.70	.71
1	.18	.04½	Alta. Pacific	600	.09	.10	.08	.09
1	.03½	.02	Askalta	....	.03½	....	....	....
No	.20	.02	Associated	3,000	.05	.06	.05½	.06
No	.09	.01	Baltac	2,500	.02½	.02½	.02	.02
	.05½	.00½	Benton	....	.00½	....	....	....
1	.05	.02½	Brit. Dominion	....	.03½	....	....	....
No	.60	.14	Calgary & Ed.	500	.33	.35	.35	.35
1	.15	.04	Calmont	650	.05	.05	.04	.05
1	.14	.03	Common. Pete.	....	.04	....	....	....
No	.40	.05½	Dalhousie	2,000	.20	.15	.15	.15
No	.01	.01	Devenish	....	.01	....	....	....
No	.02	.00½	Dome Oil	....	.00½	....	....	....
No	.16	.04	East Crest	....	.06½	....	....	....
No	.01½	.01	Fabyan Pete.	....	.01½	....	....	....
No	.25	.05	Foothills	....	.15	....	....	....
No	.03½	.02	Freehold	....	.02	....	....	....
1	.02	.00½	Great West	....	.00½	....	....	....
No	.06½	.03	Hargal	....	.03	....	....	....
No	.05	.02	High Sarcee	....	.02	....	....	....
No	.85	.15	Home	1,510	.40	.70	.40	.70
No	.05	.01½	Homestead	....	.01½	....	....	....
1	.50	.09	Homest'd O. & G.	8,000	.18½	.17	.16½	.17
1	.01	.00½	Illinois Alberta	....	.00½	....	....	....
No	.02½	.00½	Lethbridge	....	.00½	....	....	....
No	.10	.04	Lowery	....	.10	....	....	....
No	.02	.00½	Madison	....	.00½	....	....	....
1	.32	.05½	Mayland	100	.15	.16	.16	.16
No	.04	.01½	McD. Segur Ex.	....	.01½	....	....	....
1	.04½	.01	McD. Segur N.	....	.01	....	....	....
1	.50	.18	McLeod	....	.18	....	....	....
No	.10½	.06½	Mercury	....	.07½	....	....	....
No	.22	.04½	Merland	4,100	.15	.16	.15	.15
No	.15	.08½	Mill City Pete.	....	.08½	....	....	....
1	.20	.12½	Model	....	.13	....	....	....
1	.05	.04	Monalta	....	.05	....	....	....
1	.07	.03	Moose Mountain	....	.03	....	....	....
1	.01	.01	New Federal	....	.01	....	....	....
5	.20	.01	Nordon	1,500	.15	.15	.12	.13
1	.06	.02½	Oil Selections	4,000	.03½	.03½	.03½	.03½
No	.05	.02½	Okalta	....	.03	....	....	....
No	.32	.09	Olga Gas & Oil	8,900	.25	.25	.22	.24
No	.20	.01½	Penn. Pete.	77,100	.03	.03½	.03	.03½
1	.28	.12	Petrol Oil & Gas	3,900	.15	.15	.15	.15
No	.14	.08	Ranchmen's	....	.09	....	....	....
1	.01	.00½	Regent	....	.01	....	....	....
No	.02½	.01	Richfield	....	.01	....	....	....
No	9.85	3.95	Royalite	35	7.00	7.00	7.00	7.00
1	.29½	.05	Sarnia Oil	5,100	.08½	.10	.08½	.08½
1	.03	.01	Signal Hill	....	.01	....	....	....
No	.12	.04	South West Pete.	....	.04	....	....	....
1	.30	.10	Spooner	....	.15	....	....	....
No	.21	.05½	Sterling Pacific	....	.13	....	....	....
	.43½	.43	Trinidad Oil	....	.43½	....	....	....
1	.11	.07½	Turner Valley	....	.07½	....	....	....
No	.08	.03	United	....	.03	....	....	....
1	.09½	.03	Vulcan	....	.03	....	....	....
No	.02½	.00½	Wainwell	1,000	.01	.01	.01	.01

VANCOUVER STOCK EXCHANGE (Transaction for Week to January 17)

Par Val.	Range 1932-33 High	Low	Company	Sales	Close Jan. 16 (or last)	High for week	Low for week	Close Jan. 23
25c	.00½	.00½	Bayview	....	.00½	....	....	....
20c	.05½	.02	Beaver Silver	5,000	.02½	.02½	.02½	.02½
25c	.04	.01	Bluebird	....	.01	....	....	....
No	1.70	.50	Bralorne	8,713	1.62	1.70	1.60	1.64
1	.12	.04	Bridge River Cons.	96,800	.06	.06½	.05	.06½
1	2.50	2.00	Caribou Gold	1,400	2.20	2.25	2.05	2.25
No	7.50	7.50	Coast Breweries	129	7.50	7.50	7.50	7.50
25c	.01½	.00½	Cork Province	....	.00½	....	....	....
1	.13	.02	Cotton Belt	....	.02	....	....	....
1	.01½	.01½	Dalhousie Mines	....	.01½	....	....	....
1	1.00	.15	George Copper	200	.30	.35	.30	.35
50c	.02	.01	Geo. Enterprise	....	.01	....	....	....
1	.05	.01	Georgia River	9,500	.02½	.02½	.02½	.02½
1	.35	.10	Golconda	....	.10	....	....	....
50c	.08	.02	Grandview	6,000	.04½	.04	.03½	.03½
1	.01	.00½	Independence	....	.00½	....	....	....
1	.01½	.01	Indian Mines	....	.01	....	....	....
1	.15	.08	Inter. Coal	....	.10	....	....	....
1	.21	.21	Jack Waite	....	.21	....	....	....
25c	.00½	.00½	Kootenay King	....	.00½	....	....	....
10c	.04	.01	Lucky Jim	....	.01½	....	....	....
5c	.12	.04	Metaline Metals	....	.06	....	....	....
1	.03	.00½	Morton Woolsey	....	.00½	....	....	....
50c	.03½	.00½	National Silver	39,000	.02½	.02½	.02	.02
50c	.08½	.02	Noble Five	18,000	.04	.04	.03½	.03½
50c	.01	.00½	Oregon Copper	....	.00½	....	....	....
1	4.85	3.00	Pioneer Gold	20,355	4.75	4.75	4.42	4.42
50c	.08½	.02	Porter Idaho	8,000	.06½	.06½	.06	.06
No	.02	.00½	Premier Border	....	.00½	....	....	....
No	.35	.07	Reeves McDonald	300	.15	.15	.15	.15
1	.75	.21½	Reno Gold	38,673	.74	.75	.71½	.71
1	.02½	.00½	Rufus Argenta	....	.00½	....	....	....
1	.05	.02	Ruth Hope	....	.03½	....	....	....
1	.05	.01	Silverade	....	.05	....	....	....
25c	.02½	.01	Silver Crest	10,000	.01	.01½	.01½	.01
50c	.02½	.00½	Snowflake	24,000	.01½	.01½	.01	.01
1	.79	.20	Sunloch	....	.20	....	....	....
No	.06	.05	Vanalta Oil	....	.06	....	....	....
20c	.02½	.01	Wellington Mines	....	.01	....	....	....
1	.06½	.00½	Whitewater	1,000	.03½	.03	.03	.03

DIVIDEND PAYERS

Company	Rate	Yield %	Company	Rate	Yield %
Ajax Oil	12c.	....	Merland Oils†	2½c.	....
Coniagas*	12½c.	....	Noranda	$1.10	....
Coniaurum†	3c.	....	Petrol Oil	2c.	....
Cons. Smelters*	10%	....	Premier	12c.	17.14
Dome Mines	$1+10c.	7.05	Pioneer, B.C.	24c.	[illegible]
Falconbridge	10c.	....	Royalite	$1.50	....
Hollinger	65c.+10c.	10.94	Siscoe	12c.	[illegible]
Howe Sound	40c.	....	Sterling Pac. Oil†	2½c.	....
Lake Shore	$2+$1	8.95	Sylvanite	4+1c.	[illegible]
McIntyre	$1.50	6.49	Teck Hughes	60c.	[illegible]
McLeod Oils*	5c.	....	Wright-Har.	10+5c.	[illegible]

*Stock. *Interim. †Initial.

25 Reasons—

Why Advertisers Use BUSINESS NEWSPAPERS

1. To make direct sales of merchandise.
2. To obtain new jobbers and distributors — secure distribution.
3. To hold existing outlets in the face of competition.
4. To carry the manufacturer's "house organ" to his trade with maximum assurance of reader interest.
5. To test the reception of new products, policies or personnel.
6. To gain a trade reputation for a manufacturer, his products, his brand names or personnel.
7. To announce and record manufacturer's news — changes, etc.
8. To "sell" jobbers to retailers.
9. To insure desire for, and use of, dealer helps and similar material.
10. To interest prospective executives and salesmen in the organization.
11. To serve as business insurance, etc.
12. To sell the trade on the stability and able management of a manufacturing company.
13. To do missionary work for salesmen — simplifying their work.
14. To move stock on the shelves or in the store — keeping dealers sold.
15. To educate dealers on proper display, demonstration, selling and service work for a product.
16. To merchandise consumer advertising.
17. To correct misapprehension of the mistakes of former personnel or policies.
18. To counteract seasonal habits and slumps.
19. To justify new lines, new prices, new policies, etc.
20. To assist wholesalers' and retailers' sales help.
21. To sell new uses or new markets for old products.
22. To sell co-operative movements.
23. To gain recognition for new packages, names, labels, etc.
24. To sell products or services to manufacturers through their dealers.
25. To control salesmen — to make them tell the same complete story.

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Men's Wear Review - Sanitary Engineer
Dry Goods Review - Drug Merchandising
Canadian Paint and Varnish Magazine
General Merchant of Canada
Bookseller and Stationer

Business Newspapers Division
THE MACLEAN PUBLISHING COMPANY, LIMITED, 143-153 University Ave., Toronto, Can.

Canadian Mining News

DOME DECLARES 20 CENT BONUS PLUS REGULAR

Dividend Payable April 20 Presages Disbursement of Earnings

The declaration by directors of Dome Mines of a bonus of 20 cents a share to accompany the 25 cent regular quarterly disbursement payable on April 20 was a signal for unprecedented activity in the stock market value of the shares. Recent market prices have soared to $15.70 per share, the highest price at which the shares have sold since 1926. The dividend just declared evidences that the policy announced by Jules S. Bache, president of the company, at the annual meeting on May 30 last will prevail. At that time he said the future policy will be, not to build up a big cash reserve, but that dividends will be as large as conservatism permitted.

If the bonus just announced is maintained throughout the year it will mean the disbursement of $1.80 per share, against the $1 rate which has prevailed for years. That earnings in 1932 were ample to support the new rate is evidenced by preliminary figures of $2.30 per share, before depreciation, depletion and other surplus adjustments. On the basis of depreciation write-offs the same as in 1931, net earnings will be close to the $2 per share as estimated by The Financial Post many months ago. This compares with $1.56 a share after depreciation in 1931.

The year just ended has proved to be a memorable one for the company, not only were earnings the highest in its 23 years existence as a gold producer, but developments at the property were most satisfactory, with indications that more ore will be reported than in any previous year.

In 1932 the company had its earnings swelled by the equivalent of approximately 50 cents per share, due to the exchange compensation made on gold production. The gold production was also up about 50 cents a share over that of the preceding year, while there was an appreciation in the value of its shares in the East Geduld Mines, on the Far East Rand, equivalent to another 50 cents per share.

GOLD PRODUCTION FOR ONTARIO 1932 WAS $46,773,154

December Was Biggest Year in History Except June

Production in 1932 from Ontario gold mines was $46,773,154 as compared with the previous year of $42,737,276. This production is from exclusive gold producers and does not include incidental gold production from base metal properties. The December production was the highest in history of Ontario mining with the exception of June.

An interesting angle of the December output was that the Porcupine production exceeded that of the Kirkland Lake camp and this may be attributed to the clean-up at the Hollinger mine since its fiscal year ends December 31 while the Lake Shore fiscal year ends June 30.

The mines in order of output for December were as follows: Porcupine camp: Hollinger, McIntyre, Dome, Coniaurum, Vipond and Buffalo Ankerite. In the Kirkland Lake camp the order of output was Lake Shore, Teck-Hughes, Wright-Hargreaves, Sylvanite, Toburn, Kirkland Lake Gold, Ashley, and Barry-Hollinger. In Northwestern Ontario the order of output was Howey, Moss, Minto, Parkhill and Schriber Gold.

The individual order of output for all the Ontario mines was: Hollinger, Lake Shore, McIntyre, Teck-Hughes, Dome, Wright-Hargreaves, Howey, Coniaurum, Sylvanite, Toburn, Vipond, Kirkland Lake Gold, Buffalo Ankerite, Moss, Ashley, Barry-Hollinger, Minto, Parkhill and Schriber.

The following tabulation gives the production by months for 1932, according to camps:

	Ore milled tons	Total Value $
Porcupine:		
Jan. to June	1,624,340	10,411,136
July	276,270	1,608,025
August	289,565	1,865,385
September	282,127	1,857,892
October	299,814	1,814,757
November	289,723	1,841,137
December	289,150	2,067,215
Total*	3,350,989	21,465,547
Kirkland Lake:		
Jan. to June	885,328	12,015,560
July	149,430	1,879,871
August	150,721	1,985,125
September	151,253	1,943,008
October	153,579	1,972,676
November	155,421	1,964,876
December	154,229	1,921,146
Total*	1,799,961	23,682,262
Northwestern Ontario:		
Jan. to June	185,889	817,224
July	34,326	146,854
August	33,679	148,669
September	34,302	116,286
October	35,287	120,967
November	33,961	128,170
December	35,226	147,175
Total*	392,670	1,625,345
Total:		
Jan. to June	2,695,557	23,243,920
July	460,026	3,634,750
August	473,965	3,999,179
September	467,682	3,917,186
October	488,680	3,908,400
November	479,105	3,934,183
December	478,605	4,135,536
Grand Total*	5,543,620	46,773,154

Index to Mining Stocks

The weighted index number of twenty mining stocks computed by the Dominion Bureau of Statistics on the base 1926=100, was 65.1, for the week ending January 19th, as compared with 65.8 for the previous week.

Eleven gold stocks fell from 65.4 to 64.9, four gold-copper stocks from 73.5 to 72.0, and five silver and miscellaneous stocks rose from 25.8 to 26.0.

McLeod River Mortgage $77,500

Directors of McLeod River Mining Corp. advise that the company's total current indebtedness is about $7,500, while the mortgage plus accrued interest held by the Stobie-Forlong Assets Ltd., is about $77,500. The issued capitalization now currently stands at about $2,900,000.

Kirkland Lake Gold Co. Made Significant Advance

Lateral Exploration Limited Due to Winze and Outside Work

DOWN 5,500 FEET

Option on Kenty Gold Property Was Interesting Achievement of 1932

The year ended December 31, 1932, promises to stand out in the history of the Kirkland Lake Gold Mining Co. as one of the most significant in its 17 years corporate existence. With 13 years as a producer behind it, the 1932 production was only slightly behind the record year of 1931, with total value of gold bullion produced amounting to $592,451 as compared with $615,883 the previous year.

Production alone, however, does not reflect the year's activity; early in 1932 the company acquired control by purchase of the adjoining Grozelle Kirkland Gold Mines in order to protect the southerly extension of its main vein system. This was accomplished by quietly picking up the Grozelle shares in the market until it had control. Another high spot in the company's 1932 activities was the acquisition of an option on control of the Kenty Gold Mines, the pioneer find in the new Swayze area of Ontario, which is regarded as one of the most promising properties in this new promising area. Kirkland Lake Gold Mining also found time to assist its westerly neighbor, Macassa Mines, by extending a drift on the 2,475 ft. level some 2,500 ft. into the Macassa property, thereby speeding Macassa's development programme.

Development Curtailed

The normal value of the gold bullion production in 1932 was $524,330 from the treatment of 56,492 tons of ore, an average recovery of $9.27 per ton, with an average daily milling rate of 155 tons. In explanation of the lower recovery in 1932, it may be cited that lateral exploration was not as aggressively pursued as in previous years, partially due to the drifting operations conducted for Macassa and partly to the winze sinking programme, which now makes Kirkland Lake's operations the deepest in Canada.

The second winze, situated some 1,000 ft. south of the central winze, was sunk during 1932 from the 4,900 ft. level to a total depth of about 5,500 ft. Four new levels are to be opened up from this winze and stations have already been cut, but no lateral work has been started.

The mine has been gleaned of ore down to the 3,100 ft. level and between this horizon and the 4,450 ft. level some small but rich high grade ore shoots have been developed. Above the 4,000 ft. level an ore shoot has been developed some 160 ft. in length, showing many spectacular sections. Between the 4,450 ft. level and the 4,600 ft. level no lateral work has been undertaken. On the 4,750 ft. level ore developments were disappointing, but on the 4,900 ft. level new work some 400 ft. west of the cross-cut from the winze, recent work encountered good ore, indicating a western rake of the ore encountered above the 4,000 ft. horizon. The drift on the 4,900 ft. level is nearing the corner of the Grozelle-Macassa-Kirkland Lake boundaries and at the present time it is impossible to say whether the vein at this depth will pass on to the Grozelle property before encountering Kirkland Lake's western boundary, or corner across the Macassa property.

New Vein Adds Interest

Another item of interest in Kirkland Lake's 1932 activities concerns the Kirkland Basin Gold Mines, in which it owns controlling interest. A couple of months ago the Lake Shore Mines in diamond-drilling some 1,800 ft. north from its 2,800 ft. level encountered a vein about 8 ft. in width, showing values of $12 per ton in gold. Indications are that, where intersected, this vein is near the corner of claim number 1754 of Kirkland Lake and if of the same strike and dip of the main vein an easterly extension should come on this claim. Little, however, is known about the position or importance of the vein other than that disclosed by the diamond drill.

On the whole the company's deep developments may be summarized by saying that 1932 operations were conducted without the usual amount of development work and that while the massive ore bodies that have characterized the central section of the camp have not been encountered, small but rich ore shoots have been encountered, which have enabled the company to carry on a profitable year's operations, while it still seeks its objective of a major ore shoot, warranting increased scope of operations.

Had a Satisfactory Year

Dr. J. B. Tyrrell, president of the company, in outlining the company's activities in 1932 to The Financial Post, radiated optimism and looks forward to the future with confidence.

The financial statement for 1932 is expected to show a net profit after depreciation close to the 1931 figure of $203,051, but the company's liquid position will reflect its $200,000 investment in the Grozelle Kirkland Gold Mines, as well as its initial commitments on the Kenty Gold Mines option.

The following tabulation gives the comparative production figures for 1932 and the three months ended December 31, 1932.

	4th quar. 1932	Total 1932
Tons milled	14,799	56,492
Total recovery, $	*109,383	*524,330
Rec. per ton, $	7.45	9.27
Tons milled daily	161	155

*Exclusive of premium.

McWatters to Start Shaft Sinking at Once

McWatters Gold Mines is laying plans to start shaft-sinking immediately, Robert Cockeram, president of the company, told The Financial Post. Equipment is to be taken into the property at once and it is planned to sink to an immediate objective of 500 feet.

The diamond drilling programme, which has been under way for the past two months, is now completed and results have been sufficiently encouraging to justify starting shaft sinking without delay. Drilling took place over a length of some 600 or 700 feet of the main vein system to a depth of about 300 feet.

Canadian Mining Stocks Under Thumbnail Review

Macassa — Bobjo

MACASSA

Macassa Mines was incorporated in 1926 to develop a group of six claims in one block some 4,200 feet along the main break of the Kirkland Lake camp, immediately adjoining the most westerly producer, the Kirkland Lake Gold Mining Co. Although the company had some $200,000 in its treasury, no programme of development was undertaken until April, 1931, when funds were assured that permitted starting a definite programme. At this time New York interests purchased substantial blocks of stock and a three compartment shaft was started. This shaft was completed to a depth of 2,500 feet in August, 1932. Simultaneously, the Kirkland Lake Gold Mining Co., under an agreement with Macassa, extended the drift of its 2,475-ft. level some 2,500 feet westward, to connect up with the new shaft and thus to expedite exploration work. In extending this drift westward, a syenite tongue, dipping westward from the Kirkland Lake Gold Mining property, was encountered some 600 feet west of the easterly boundary, having a length of approximately 1,300 feet on this level. This information was productive of over $1,000,000 in gold from the upper levels of the Kirkland Lake Gold Mining property.

The present programme is centred about blocking out ore above the 2,475-ft. level and three raises have been put up, one of which is in ore. Later it is planned to connect the 2,325-ft. level with the station cut at the shaft and continue raises to levels above. On the 750-ft. level a drift is being driven westward from the shaft to explore that section of the property.

Mill to Be Built

According to an official statement several months ago, the ore encountered in the drift on the 2,475-ft. level had a combined length of 310 feet averaging $11.20 over an average width of 4.6 feet. In view of this ore showing and that on the level above, plans are in the course of preparation for a 150-ton daily capacity mill capable of expansion to 225 tons daily. The construction of this mill has not been officially announced, but The Financial Post learned that plans are in progress.

Most of the funds for the company's development programme have been provided by the sale of large blocks of stock to various New York interests negotiated without the payment of any commission by R. A. Bryce, president of the company, and recently further blocks were sold to make funds available for complete mill construction without entirely depleting the treasury which has an authorized capitalization of $5,000,000 in $1 par value shares.

The outlook for the company is controlled by the proportionate measure of success met with in developing ore in the syenite which was productive for the Kirkland Lake Gold Mining Co. The company's length—the longest of any property in the camp—along the main vein system provides extensive territory for exploration.

BOBJO

Bobjo Mines was incorporated in 1928 to develop a gold prospect in the Patricia district, Ontario, but despite spectacular surface showing it did not respond to an intensive development programme and was abandoned.

Since that time the company has been aggressive in exploration work and holds undeveloped claims in the Matachewan area of Ontario and at Great Bear Lake.

In 1930 the company assisted in the financing of the San Antonio Gold Mines, and owns 200,000 shares in this present company. In June last year the company's president, Robert J. Jowsey, pioneered the staking of a group of claims at Gods Lake in northeastern Manitoba. Subsequently additional claims were acquired, and a subsidiary company, known as the Gods Lake Gold Mines Ltd., has been formed to hold title to and develop this property.

Coniagas Mines was equally interested with Bobjo Mines in the Gods Lake property, but the majority of Coniagas interests have been optioned to a group associated with Bobjo Mines.

Altogether Gods Lake Gold Mines holds control of some 70 claims in this area and plans call for immediately proceeding with sinking exploratory shafts on various sections of the claims. Sampling on the original discovery gave a width of four feet five inches and an assay of $42.80 per ton at one point; another trench gave $7.60 per ton over a width of four feet eight inches, while others gave low values.

Immediate interest in the company is centred about development of the Gods Lake property. The company also has an imminent source of income from dividends by the San Antonio Gold Mines.

Of the authorized capitalization of $5,000,000 approximately $3,139,505 was outstanding as at March 31, 1932. The working capital at last reports was approximately $40,000, in addition to its shareholdings in San Antonio Gold Mines.

Wabana Ore Shipments Lowest in Ten Years

Production is More Than Double Shipments — Germany Takes All; Nova Scotia Took No Ore from Bell Island

Ore production from the Wabana mine in Newfoundland was lower in 1932 than at any time in the previous ten years with an output of approximately 319,000 tons. Final figures for the year are not yet complete, but indications are that the 1932 figure will be but little more than one-half the 1931 figure.

The following tabulation gives production from the property for the past ten years:

Ore Production

Year	Tonnage
1922	782,587
1923	748,387
1924	655,188
1925	900,205
1926	841,568
1927	1,168,756
1928	1,421,794
1929	1,494,452
1930	1,423,775
1931	537,210
1932 (approx.)	319,000

While production suffered a severe decline, exports were even lower, and the total estimated shipments were 150,000 tons. Ore shipments in 1932 were confined exclusively to Germany. For the first time in a decade no ore was taken by the steel plant at Sydney, N.S.

The year opened with two mines working three days weekly and continued on this schedule during the stock piling season until the marked decrease in market requirements indicated a dull season, and caused operations to be reduced to four days per fortnight after Easter. This latter schedule was maintained throughout the remainder of the year. The ore was stored in separate piles at No. 3 and No. 6 mines from June to November, and a total of 42,552 tons being piled at No. 6 and 38,023 tons at No. 3.

The following tabulation gives the iron ore exports since 1922:

Iron Ore Exports Since 1932

Year	Germany	Canada	U. Kingdom	U. States	Total
1922	745,420	276,360	......	......	1,021,780
1923	185,770	418,375	65,475	49,840	719,460
1924	806,265	155,895	15,135	......	977,295
1925	788,443	343,567	......	......	1,132,010
1926	330,135	416,037	......	119,544	865,716
1927	845,151	429,248	......	61,030	1,335,429
1928	866,953	616,307	27,540	37,111	1,547,911
1929	753,929	681,500	5,330	76,340	1,517,099
1930	661,406	467,784	......	48,771	1,177,961
1931	439,564	209,061	33,720	22,920	705,265
1932 (approx.)	130,219	......	......	......	130,219

Moss Share Activity Lacks Explanation

Observers Wonder Where Stock is Coming From in Present Heavy Sales on Standard Board

The large number of share sales of Moss Gold Mines, through the Standard Stock & Mining Exchange, Toronto, at prices ranging between 34 and 40 cents per share, has set the public speculating as to the reason for this activity, supported only by unconfirmed rumors as to developments at the property.

Recently it has been mooted that the mill is to be increased from 100 to 200 tons daily. This was presaged by an official statement last August that the mine development was so satisfactory as to permit of an increase in milling rate.

Production started last April and recovery to September 30, 1932, amounted to $117,055 from 16,806 tons of ore, an average recovery of $6.97 a ton, with an average daily milling rate of 92 tons. Operations since that time are understood to be at about the same rate, indicating a production for 1932 of approximately $176,000. The question that puzzles many well acquainted with the property is the motive behind mill expansion, having regard for development and ore potentialities, at the property.

An Old Producer

In order to get a proper perspective of the Moss picture, it is necessary to remember that, 50 years ago, it was the first gold property to be operated in Ontario. After a period of quiescence from 1884 it was re-opened through the activities of the president, N. R. Fisher, mining engineer of Montreal. The principal gold values in the past have been in narrow quartz veins, patchy in nature, involving a problem for economic mining and operation.

Early in 1931 Mr. Fisher announced that a group had provided the company with something over $400,000 by taking up treasury shares at 40 cents each. Government returns do not indicate whether these treasury shares carried with them a bonus of vendor shares, but having regard for the limited number of shares issued other than the vendor shares and the block issued to the present financiers, the source of the present heavy selling becomes less understandable.

In scrutinizing the government returns from the company it becomes evident that the vendors of the property, N. R. Fisher and the Shield Development Co., were amply provided for at the time of incorporation of the present company in 1927. Government returns show that the vendor holds by transfer from N. R. Fisher, an option from the local master at Ottawa, granting exclusive rights to purchase location H-1, near Jackfish Lake, Moss township, Thunder Bay district, the original Moss or Huronian Mines. The vendor also held transfer from N. R. Fisher for an option to purchase location H-3 owned by the Neebish Mining Co. In addition, the vendor owned three patented mining locations. In consideration for the option on these properties, N. R. Fisher and the Shield Development Co. received 50 per cent of the company's authorized capitalization, or 2,000,000 shares, plus $65,000 in cash from the present company. The present company also had to assume the balance of the payment on the option of these properties, amounting to some $83,000.

Having regard for the vendor's interest in the property and the present market activity, it is in the interests of shareholders as well as buyers of the stock that the president make some official statement that will clear up the rumors prevalent as to the company's programme.

Another disturbing factor at the property has been the frequent change of operating officials, no less than four superintendents or managers having been in charge.

PANDORA PLANS DEEPENING SHAFT

Indicated Ore Shoots Have at Least 200 Ft. Length

Canadian Pandora Gold Mines is planning to deepen its shaft to the 500 ft. horizon and possibly the 1,000 ft. horizon, according to official information.

The assay plant, recently installed at the property, in Cadillac township, Quebec, has enabled the company to sample thoroughly its developments on the 250 ft. level. Some good results have been obtained, particularly on the Contact vein. Recent drifting on a vein encountered in the south contact shows a width of approximately four ft., heavily mineralized. From work completed to date on this level it appears that three ore shoots are in evidence, the total length of which has not yet been determined, although the Contact and the Bell veins have to date been partially developed for a length of over 200 ft. D. A. Mutch was recently appointed consulting engineer for the company.

LOWER DIVIDENDS FROM B. C. MINES EXPECTED IN 1933

Gold Producers Are Chief Hope—Pioneer May Outstep Premier

From Our Own Correspondent

VANCOUVER. — Lower dividends for mining corporations in British Columbia are anticipated for this year by J. D. Galloway, provincial mineralogist. Last year the dividends totalled $5,800,000, but Mr. Galloway expects that they will not aggregate more than $3,000,000 or $4,000,000 during the current year, exclusive of Consolidated stock dividends.

Gold operations are the chief hope of the mining industry this year. Pioneer continues the most active gold property and will probably have an output valued at $1,750,000. The largest gold producer in the province last year was the Premier mine, responsible for about 60 per cent of the total output, and while it will probably continue to be an important factor for several years, Pioneer seems destined to outstep the Portland Canal's famous property during the present year.

Pioneer will not be the only Bridge River mine to make a conspicuous showing this year. Continued profitable development at the adjoining Bralorne is looked for, and several other near-by properties show considerable promise.

Substantially increased output from the Reno Mine is looked for by mining men this year. Possibly the most important lode-gold development of the past year was the success attending Cariboo Gold Quartz Company, whose property reveals extensive reserves of ore.

Steady shipments of low grade ore are being made from the Yankee Girl at Ymir to Trail smelter, and among the small shippers are IXL, Evening Star, Midnight and others at Rossland; the Queen, Kootenay Belle, Vancouver, Arlington, Goodenough, Ymir-Wilcox, Perrier, Blackcock and others in Nelson division; the Gold Drop, Jewel, Carmi and Butcher Boy in Greenwood; the Parvenue and other claims in the Osoyoos and the Dawson near Hope.

B. C. Silver Mine, which has never been brought into steady production, is expected sooner or later to produce gold to compensate for the gradual diminution of Premier's output.

The so-called premium at 13 per cent accruing to B. C. producers on 1932 gold production was approximately $540,000, making gross value of the gold output in terms of Canadian dollars, $4,670,000, or 40 per cent over the return in 1931 figured similarly of $3,350,000. However, there was little advantage from the premium in 1931.

Chapleau Gives Swayze Miners Welcome Hand

Members of the Chapleau, Ont., Chamber of Commerce showed their appreciation of the mining development taking place in that area by entertaining members of the mining fraternity, on January 23.

The festivity synchronized with the commencement of operation of one of the Diesel engine driven compressor units at the Kenty Gold Mines, the pioneer gold discovery in the area, at Brett Lake, Swayze township. Following the celebration a number of the hosts visited this pioneer discovery in order to secure first-hand information on the activities at this new camp.

A number of distinguished mining personages from Toronto accepted the invitation of the Chamber of Commerce, including Dr. J. B. Tyrrell, E. T. Corkill and other officials of the Kenty Gold Mines and associated companies.

Vipond Production Up Last Quarter

Production by Vipond Consolidated Mines in the quarter ended December 31, 1932, amounted to $125,900 from 27,719 tons of ore milled. This was the highest production registered in any quarter during 1932.

The following tabulation gives production for the past quarter, as well as total for 1932.

	4th quar. 1932	Total 1932
Tons milled	27,719	472,474
Total recov., $	125,900	*107,197
Rec. per ton, $	4.54	4.41
Tons daily	301	294

*Exclusive of exchange compensation.

Labrador Mining Company

The Labrador Goldfield, Ltd., has been incorporated in Newfoundland with a capitalization of $100,000 to develop a certain exclusive prospecting right recently granted in Labrador.

BARRY HOLLINGER REPORT PRESAGES NEW DEVELOPMENT

Engineer Advises Deepening Winze and Suspending Milling

A report on the Barry-Hollinger property at Boston Creek, Ontario, has been completed by Percy Hopkins, M.E., and has been placed before George Murfitt and J. A. Sisto, New York fiscal agents of the company, who are providing funds for an extensive exploration programme.

Plans call for deepening the three compartment, which extends from the 1,000-ft. level to the 2,000-ft. horizon, to an immediate objective of 2,500 feet and start crosscutting to intersect veins showing on the surface but heretofore unexplored at depth. Among these are the Tagamonte vein on the adjoining property, which is supposed to be dipping southward and raking eastward; the No. 1 vein which showed importance on the surface; and the No. 9 vein which has been explored on the 1,875-ft. level. The vein has been followed but did not make ore and it is now planned to extend the drift some 150 feet where there is more promise of ore. The No. 7 vein which has supplied most of the ore to date, has been followed down by a series of winzes that have made mining expensive. The new programme will permit of the thorough exploration of the property, which has been heretofore impossible owing to the lack of funds. While the development programme is under way milling operations will be suspended.

From the deepest winze levels will be established at the 2,250 and 2,500-ft. horizons. Lateral work will proceed toward opening up these levels for mining.

A diamond drilling contract has been let and it is proposed to explore by drilling that area north of the No. 9 vein.

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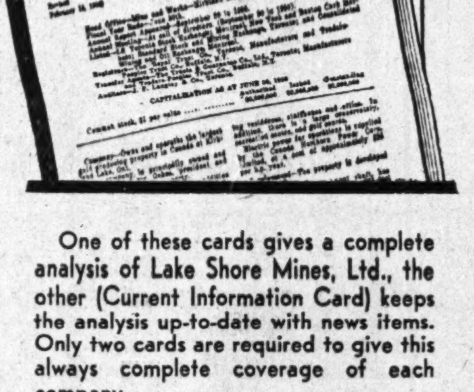

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